

## 'Base! Terrorism!' the Embassy Guard Screamed



President and Mrs. Bill Clinton, joined Thursday by Secretary of State Madeleine Albright and Secretary of Defense William Cohen at Andrews Air Force Base, where the bodies of 10 Americans arrived from Africa.

By Karl Vick  
and Stephen Buckley  
Washington Post Service

**NAIROBI** — Benson Okuku Bwaku was at his usual post, manning the drop-barricade at the rear entrance to the U.S. Embassy here, when the private security guard saw something he had never seen before: a truck making an abrupt left turn off Haile Selassie Avenue, bouncing over a raised curb and barreling toward the embassy parking lot "at a terrible speed."

The vehicle, which Mr. Bwaku identified as a 3.5-ton Mitsubishi Canter, was laden with the bomb that would

kill 247 people and injure more than 5,000. It lurched into its abrupt turn just as Mr. Bwaku had raised the barrier to allow a three-wheeled mail cart out of the portion of the embassy lot behind the iron perimeter gate, Mr. Bwaku said in an interview Wednesday.

"Something here told me that truck was unusual," Mr. Bwaku said, pointing to his stomach.

But as the truck — which had a covered load in its cargo bed, Mr. Bwaku said — steered into the narrow parking lot shared by the embassy and the adjacent Cooperative Bank House, a third vehicle happened to block it. A white sedan emerged from the underground parking garage beneath the bank and ended up nose to nose with the truck, with no room to pass.

A second later, a dark-skinned man with a noticeably low hairline jumped out of the truck's passenger side and strode quickly to Mr. Bwaku, leaving the door open. When he reached the barrier, Mr. Bwaku said, the man reached into his pockets and pulled out what Mr. Bwaku took to be explosives.

In his right hand were four small, rounded devices with dangling strings. The guard assumed they were bombs. In his left hand, the man brandished a smaller, spherical device that Mr. Bwaku suspected was a hand grenade. He took two steps back.

"Open the gate!" the man demanded in English, and threw the object in his left hand at Mr. Bwaku's forehead. "I dodged down," Mr. Bwaku said. "It passed over me and hit the ground at the back. And I heard an explosion."

The device landed near a green Mitsubishi Pajero 4x4 parked in the embassy's lot. Mr. Bwaku's instructions

## Russian Markets Spiral Downward As Buyers Vanish

### Kremlin Moves to Curtail Fall And Denies Ruble Devaluation

By Michael Wines  
New York Times Service

**MOSCOW** — Russia's stock and bond markets plunged on Thursday, and hopes of averting meltdowns of the government's finances and the country's banking system appeared to plunge into freefall with them.

Capping a week of ominous declines, the nation's major blue-chip stock index dropped 15 percent before the Federal Securities Commission stepped in and advised a halt to trading.

The Russian RTS Index recouped all but 6.49 percent of those losses later, closing at 101.17, but traders said there was basically no demand for stocks of Russian companies.

Demand for Russian debt vanished altogether, with yields on some short-term bonds exceeding an astounding 300 percent, assuming anyone wanted to purchase them. Few did.

"The market has ceased to exist, in some ways, as an actual market; it comes down to a matter of semantics," said Tom Adshad, co-director of research for United Financial Group in Moscow.

The Russian government said the panic was psychological, not fiscal, and repeated, as it has in recent days, that it had money to meet its obligations through the autumn.

Senior officials of the Group of Seven leading industrial countries Thursday discussed the financial crises in Asia and Russia in a telephone conference, a White House spokesman said, news agencies reported from Washington.

"It is critical that the Russian government act quickly to restore confidence in their economy, and that is something we have communicated with Russian officials," Michael McCurry, the White House spokesman, said at a news briefing. "The international community has a big stake in seeing that Russia gets their economy moving in the right direction."

Officials in the offices of President Boris Yeltsin and the central bank risked suggestions that a devaluation of the ruble — a move that would effectively reduce the nation's debt, but inflate prices — was unavoidable.

"All the rumors that such documents are being worked out here are just invention and lies," said a spokeswoman for the Central Bank.

The deputy head of Mr. Yeltsin's administration, Alexander Livshits, said a stable ruble "is the anchor of an inflation-free economy," and that its loss "will start rocking our ship again."

"The result is well known: nausea," he added.

Many, though hardly all private analysts predicted, nevertheless, that the government was headed into a fiscal corner, and that its most likely escapes would be devaluation or a "forced restructuring" of its debt, in which bondholders would simply be handed new repayment schedules with no choice but to accept them.

Either course would amount to a dramatic repudiation of the \$22.6 billion rescue plan that the International Monetary Fund, the World Bank and Western leaders assembled for the Russian

The Dollar			
New York	Thursday 4 P.M.	previous close	
DM	1.7843	1.7859	
Yen	144.9	146.285	
FF	5.9825	5.9935	
Pound	1.6247	1.6265	
The Dow			
Thursday close	percent change		
-93.46	8,459.50	-1.09%	
S&P 500			
-9.30	1,074.92	-0.86%	
Nasdaq			
-22.99	1,802.54	-1.28%	

## Asian Crisis: More Than Just Crony Capitalism

By Thomas Fuller  
International Herald Tribune

**KUALA LUMPUR** — Asia's economic crisis has often been explained as the result of crony capitalism, a web of corruption between governments and business leaders throughout the region.

But more than one year after the crisis began, several of Asia's leading economists say that pinning the crisis on murky business practices does not adequately explain the reasons for the crisis nor why currencies and stock markets continue to slide across the region.

Corruption, they say, has always existed in these countries — especially during the region's decade of economic boom — and suggestions that the region's woes are the result of crooked politicians ignores longer-term global trends.

"There's a moralistic tone that is gratuitous," said Marshall Mays, chief economist at Nikko Securities Co. in Hong Kong. "I really get tired of hearing the East Coast view of the world."

Tokyo talks of intervention to help yen but traders are leery. Page 17.

he said, referring to the United States. Kenneth Courtis, chief economist for Deutsche Bank Group Asia Pacific, says the crisis has more to do with countries' reliance on the U.S. dollar, Japan's persistent recession and worldwide overcapacity in industries producing such things as cars, electronics and textiles.

"We have been told for a year that this crisis is the result of some politicians in Bangkok who got their hands caught in the cookie jar," he said. "Can you possibly believe for a second that a country that has a GNP a third of the capitalization of General Electric all of a sudden — as if it never had corrupt politicians before — gets things wrong and could set off a global, systemic, virulent financial crisis that's shaking markets around the world?"

"This crisis is not an Asian crisis. It's a global emerging market crisis."

The distinction is important, economists say, because if there is nothing inherently "Asian" about the causes of the crisis, Latin America and Eastern Europe could easily be the next victims of economic turmoil.

C. Fred Bergsten, a former top U.S. Treasury official and currently director

## Suspicion Falls on Saudi Renegade

### 'The Best-Known Terrorist Since Carlos'

By Vernon Loeb  
and Walter Pincus  
Washington Post Service

**WASHINGTON** — Even before senior Clinton administration officials named Osama bin Laden as a leading suspect in bombings last week at U.S. embassies in Kenya and Tanzania, the government had been waging an escalating campaign against the renegade Saudi multimillionaire.

The assault has global reach, stretching from Albania, where the CIA recently participated in the arrest of four suspected associates, to New York, where a federal grand jury is gathering evidence in an attempt to indict Mr. bin Laden for the deaths of five U.S. servicemen and two Indians in a November 1995 truck bombing in Riyadh.

U.S. officials say they put Mr. bin Laden high on their list of suspects immediately after the embassy bomb-

ings Friday in Nairobi and Dar es Salaam. They maintain he had the motive, the opportunity and the means to pull off the ghastly attacks: a pronounced public hatred of the United States, men and material in East Africa, and a fortune inherited from his late father, a billionaire Saudi construction magnate, thought to be worth at least \$300 million.

"I believe Osama bin Laden is the sponsor of this operation," said Vincent Cannistraro, a former head of CIA counterterrorism. "And I think all of the indications are pointing that way."

Mr. bin Laden's announcement this year of *fatwas*, or religious directives, calling for attacks on the United States and Israel was behind a decision by the State Department to issue a special advisory in mid-June warning Americans that "some type of terrorist ac-



The Saudi Osama bin Laden, in an April photo taken in Afghanistan.

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See ATTACK, Page 12

## Swiss-Jewish Accord: Sighs of Relief

### Painful Dispute Over Wartime Funds Yields \$1.25 Billion Deal

By William Drozdiak  
Washington Post Service

**BERLIN** — A day after its two leading banks cut a \$1.25 billion deal to settle claims by Holocaust victims and their families, Switzerland expressed hope on Thursday that the accord would help resolve an anguished debate over its wartime history.

The debate was threatening to inflict damage on the economy of Switzerland as well as on its image of neutrality and integrity around the world.

But while the accord may defuse the risk of economic warfare between the United States and Switzerland, the bruised feelings caused by the three-

year controversy over charges of Nazi financial collaboration and the traumatic loss of faith in the Alpine state's claim to have been a heroic redoubt of rectitude will take much longer to heal.

Some politicians and commentators warned that the settlement effectively means the Swiss banks succumbed to blackmail threats by their accusers.

They said it could foment a new wave of resentment among Swiss citizens, angered by a barrage of allegations about financial collaboration with the Nazis.

The agreement, reached late Wednesday in New York with lawyers representing Holocaust victims and the World Jewish Congress, calls for Union

Bank of Switzerland AG and Credit Suisse Group to pay more than twice the amount they had previously been willing to spend in reimbursing those with claims on dormant accounts and other unreturned assets.

In return, U.S. cities and states will lift the threat of an economic boycott against all Swiss banks, institutions and companies except insurance firms, who face a separate lawsuit.

In addition, a \$20 billion class-action lawsuit brought against the banks by thousands of Holocaust survivors will be dropped.

Swiss politicians and commentators

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## To Rally Support, U.S. Changes Its Strategy on Iraq

By Steven Erlanger  
New York Times Service

**WASHINGTON** — As Iraq's challenge to the United Nations becomes more acute, the United States has shifted policy, retreating from its February vow of immediate military punishment for Iraqi interference with United Nations inspectors.

Instead, senior officials said, if the United States detects that Iraq threatens its neighbors, that would be a casus belli.

"Our overall policy is to contain Saddam, and that

hasn't changed," a senior official said, referring to President Saddam Hussein. "And we may very well end up using military force. If he threatens regional stability or his neighbors, we're prepared to act, and we continue to have a robust force in the region prepared to do it."

In the meantime, the U.S. government says it is asking the United Nations Security Council and the secretary-general, Kofi Annan, to respond to Iraq's violation of its Feb. 23 pledges to them.

"In February, Kofi was proud of his ability to forestall a war with his personal intervention and guarantee," one senior American official said. "As

long as Iraq doesn't do anything stupid, what's wrong with letting him try to fix it?" the official asked, given that Mr. Annan's credibility, as well as that of the Security Council as a whole, was now at stake.

The official argued that letting the secretary-general push Iraq was "the best way at this point to ensure a united and forceful UN response," meaning one that would pass muster with such advocates of a softer approach as Russia and France.

With the Security Council already on record in Resolution 1154 as threatening "the severest con-

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## X-Ray Vision Makes Sony Video Camera a Hot Item

Compiled by Our Staff From Dispatches

**TOKYO** — Sometimes advances in technology can be just a little too advanced. That is what Sony Corp. learned this week about its Handycam video camera, whose infrared technology allowed users to see through clothing in broad daylight.

Sony on Thursday resumed shipments of the popular hand-held video camera after modifying it to remove the feature. But Japanese consumers, who read about the camera's peeping-tom feature in a popular men's magazine, are clamoring for the unmodified version, camera-store owners said.

Sony halted shipments of five Handycam models this week after an article in the magazine *Takarajima* showed that the cameras' infrared technology could be used with a special filter to see through light-

colored clothing or some bathing suits.

The magazine reported in its Aug. 5 issue that a filter costing less than \$7 could enable Handycam users to see the underwear of lightly dressed people or beneath swimsuits when the camera's "night shot" mode was activated during daytime.

"We never imagined such a use would be possible," a Sony spokesman said. He said the video camera's infrared technology was intended for taking pictures of nocturnal animals or birds.

Sony has sold 1 million Handycams with the infrared mode worldwide, including 400,000 in North America and 290,000 in Europe.

The company, which had shipped 180,000 of the cameras in Japan, made a change in the equipment so that the remodeled version shows only a white screen if the night shot mode is used in daylight.

Sony, which expressed "an unbearable regret" at the mixup, also asked retailers to remove the remaining unmodified cameras from their shelves.

But Japanese customers, apparently, were happy to perform that task themselves. "We still have many inquiries from customers for the models in question, but they were all sold out," said a manager at a large consumer electronics store in central Tokyo.

Bob Moisan, general manager of Newtonville Camera & Video in Newton, Massachusetts, told *The Boston Globe* that he could not get any of the cameras in his store to "see through" clothing.

"It was sort of surrealistic and eerie looking," Mr. Moisan said. "Everything had a washed-out look, but you had the illusion of seeing flesh."

Sony shares closed Thursday in Tokyo at 11,600 yen (\$79.45), up 100 yen. (AP, AFP, Bloomberg)



## AGENDA

### Congolese Rebels Say Port Is Seized

**GOMA, Congo** (Reuters) — The commander of rebels advancing in the east and west of the Democratic Republic of the Congo said Thursday that his forces had seized the Atlantic port of Matadi from loyalist troops.

In the capital, Kinshasa, it was impossible to obtain government comment because of a power outage there that rebels said earlier was due to their capture of the country's main hydroelectric dam at Inga, near Matadi.

State radio went off the air, but it was not clear if this was linked to the power cut.

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### Tourism Gives Lift To Europe's Farms

European farmers, beset by dwindling incomes, are redesigning their farms to take in tourists, a practice known as agritourism, and governments are helping them. The 15 European Union countries have spent \$2 billion since 1991 to subsidize such programs. Page 13.

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## THE AMERICAS

## Clinton's Legal Defense Fund Capitalizes on Starr's Unpopularity

By Don Van Natta Jr.  
New York Times Service

WASHINGTON — President Bill Clinton's new legal defense fund has raised more than \$2 million in just six months, enriched by a new campaign that largely blamed Kenneth Starr for the financial plight of Mr. Clinton and his wife, according to several supporters briefed on the fund's progress.

The Clinton Legal Expense Trust has exceeded its managers' most optimistic expectations, mainly through the direct-mail effort highlighting Mr. Starr's investigation of the president and by the increased annual donation limit of \$10,000 per individual.

The \$2 million far outstrips the \$1.3 million raised over a three-and-a-half-year period by the original fund, formed to help Mr. Clinton and Hillary Rodham Clinton erase the millions in their personal legal bills.

Estimates of their legal expenses range from a current level of at least \$6 million to a total that could ultimately exceed \$10 million.

The earlier fund was disbanded in December after campaign finance controversies and strict donation limitations had slowed contributions to a trickle.

The new trust, created independently of the Clintons, is free of restrictions on the original fund that had prohibited solicitations and limited annual contributions to \$1,000 per individual.

More than 8,000 people have sent contributions to the new trust, ranging from a single dollar to the \$10,000 maximum, the supporters said.

One supporter said that donations had come from Main Street, Wall Street and Hollywood. He added, "The direct mail was very successful."

Several officials said that the trust's total was spurred by supporters' anger and frustration with the independent counsel's four-year-old inquiry aimed at the president. The solicitations began in late February, five weeks after Mr. Starr's prosecutors began investigating the Monica Lewinsky matter.

"I would have given more, but they didn't want any more," said David Geffen, the entertainment mogul who said Wednesday that he had contributed \$10,000 to the trust. The president spent several hours with Mr. Geffen on Tuesday at his Beverly Hills mansion.

"I just think this is an incredibly unfortunate situation for the president and for this country," Mr. Geffen said. "There is a well-financed group of zealots who want to bring down the

president. And this guy has no money. He's broke. This is a terrible situation."

Fund-raisers attracted generous support from others in the entertainment industry. The trust has received \$10,000 checks from the singer Barbra Streisand, the actor Tom Hanks, the film director Steven Spielberg, the film executives Jeffrey Katzenberg and Harvey Weinstein, the television producer Bud Yorkin, and Gail Zappa, the widow of Frank Zappa.

A list of donors has not been released. Organizers of the trust, which is headed by former Senator David Pryor of Arkansas, plan to announce the results at a press conference this month.

The trust's executive director, Anthony Essey, declined to comment Wednesday.

"If you are disturbed by the way politics is conducted today, then what better response than to make your own gesture of decency and generosity," Mr. Pryor wrote in a solicitation letter mailed to thousands of supporters. "I know that it will be enormous comfort to the first family to know that so many Americans appreciate their work and have to come to their aid."

One adviser estimated that the Clintons owe their private lawyers approximately \$6 million. In the letter, Mr. Pryor said that the bill exceeds

"the president's total compensation or the first family's net worth."

There are expectations that those bills could increase by at least \$1 million per year before the president leaves office in 2001.

Mr. Clinton is the first sitting president to accept donations to help cover his legal bills. Former President Richard Nixon accepted donations to help defray his legal bills after he resigned, but he paid the bulk of his legal fees himself.

By contrast, Ms. Lewinsky, the 25-year-old former White House intern at the center of the current inquiry, has received less than \$10,000 in contributions to her legal defense fund, created by her former lawyer, William Ginsburg. Linda Tripp, whose surreptitious tape-recordings of conversations with Ms. Lewinsky started the scandal, has raised less than \$25,000 to defray her legal bills.

The Clintons owe lawyers at Williams & Connolly and Skadden, Arps, Slate & Meagher. The president's lead attorneys are David Kendall, who is handling the Lewinsky matter, and Robert Bennett, who led his defense in the Paula Jones lawsuit, which is pending appeal.

In the last five years, the lawyers have also worked on the couple's Whitewater real estate

transactions and on Democratic fund-raising controversies.

Mr. Clinton has hired extra lawyers, some of whom charge an hourly rate of \$500, to prepare motions and witnesses, and to monitor grand jury testimony.

The Clintons' friends and advisers established the new trust to allow fund-raisers to aggressively raise money through direct-mail solicitations and higher annual limits per individual than the original fund, which had been restricted by ethics rulings.

In voice solicitations and direct mail, fund-raisers invoked the name "Starr" and found that long-time supporters of the Democratic Party and the president were so incensed at the independent counsel's inquiry that many people gladly contributed the maximum amount.

The president's first legal defense fund was shut down Dec. 31 because its effectiveness was crippled by revelations that it had been offered, but declined to accept, more than \$639,000 in questionable donations solicited by Yeh Lin Tzie, a former Arkansas restaurateur and long-time friend of Mr. Clinton's. Mr. Tzie was indicted this year on charges of making unlawful contributions, some from foreign sources. He has pleaded not guilty.



DELAYED FUNERAL — Villagers carrying caskets containing the bones of 91 people, including 59 children, to a wake and burial in Roq Ha Baldio Pasacoc, Guatemala. The bones, exhumed from a mass grave in April, were the remains of victims of a 1982 massacre by the Guatemalan Army, battling leftist rebels at the time.

## Mild Aide Suddenly Makes a Splash

Chief of White House Staff May Run for Governor of North Carolina

By John F. Harris  
Washington Post Service

WASHINGTON — In a city full of raised voices, Erskine Bowles made understatements his signature. Then last week a news release came roaring out of the White House, about as understated as cannon fire.

"Erskine Bowles," the first sentence read, "today announced \$365,000 in new federal resources to help the state of North Carolina respond to a major fish kill."

With his native state suffering a plague of toxic algae, the White House chief of staff assembled a group of North Carolina officials and reporters in the Roosevelt Room to let them know he was on the case.

Usually it's the president or vice president who announces new federal funding. But there was no mystery about the publicity blast by Mr. Bowles. He is seriously considering running for governor of North Carolina after his

departure as President Bill Clinton's top aide by the end of the year.

That ambition itself, however, is something of a mystery.

For nearly two years, Mr. Bowles has seemed to relish his reputation as Washington's miscalculation. The 53-year-old investment banker signaled his

desire to leave one of America's most powerful jobs nearly from the moment he took it. He hated going on television and hardly ever did. He told one

and all, "I am not a politician." He said that the private sector was his "natural habitat." Even admiring subordinates sometimes heard a

note of sanctimony in his boss's constant talk about how eager he was to leave the bombast of politics for the more tangible satisfactions of "doing deals" in business.

On top of all this, Washington this year has become virtually a caricature of the things Mr. Bowles disdains. His efforts to craft a compromise on Capitol Hill over major anti-smoking legislation died amid partisan recriminations. And the White House has been consumed by the Monica Lewinsky controversy, an investigation that subordinates say Mr. Bowles finds personally distasteful.

But it looks as if Mr. Bowles may at last be about to go home, only to make politics his "natural habitat" after all.

Mr. Bowles, in an interview last week, said he had not decided. But he sounded as if he were already running: "Leadership is the key to 99 percent of all successful efforts. I believe my experience in the private sector and the public sector has truly prepared me to lead North Carolina into the 21st century."

In part, Mr. Bowles is listening to the calls of well-connected North Carolina business and political leaders who are looking for a strong Democrat to run in 2000, with the retirement of the popular incumbent Democratic governor, James Hunt Jr., who is now serving his fourth term.

Many believe that Mr. Bowles's business background, his Washington experience, his moderate ideology, and, not least, his ample personal fortune would be a potent combination, especially for a state electorate whose instincts are increasingly Republican.

But Mr. Bowles is also responding to a more personal call. His father, Hargrove (Skipper) Bowles, who died at 66 a dozen years ago, remains for many North Carolinians a legendary figure in their politics, a figure of enormous promise cut short by death.

In 1972, the elder Mr. Bowles was one of the first of a breed that would later become familiar: the businessman-turned-politician. His son was his campaign manager. Running as an insurgent, Skipper Bowles stormed past more conventional Democrats in the primary to win the Democratic nomination for governor.

His election was taken as a given in what was then a Democratic state. But, only weeks before the election, polls showed his Republican foe gaining, lifted by President Richard Nixon's national sweep. On Election Day, Mr. Bowles Sr. lost narrowly.

The son, genial but mild, does not have the father's charisma. But some of Erskine Bowles's confidants say he believes running for governor would be a way to complete unfinished family business.

Becoming an elected leader, rather than a top staff man, would also be a way to build on a Washington tenure that has not completed nearly as much business as Mr. Bowles would have liked.

A year ago, Mr. Bowles's reputation in the capital was riding high. After a first term defined largely by standoffs with the Republicans, Mr. Bowles's presence suggested a new model for the Clinton administration.

Mr. Bowles's style is to try to strip policy debates of their personal and ideological rancor and, in closeted talks with the opposition, to find a way to cut a deal. The model

worked exactly as it was supposed to last year, when he served as the chief strategist and negotiator in Mr. Clinton's successful bid to strike a balanced-budget agreement with congressional Republicans.

But that model never produced another success of similar scale.

Instead, there were setbacks. Even with Mr. Bowles's silky back-room negotiating style, Mr. Clinton still could not rally enough reluctant Democratic votes to win

enough "fast-track" authority to negotiate free-trade agreements. Mr. Clinton and Mr. Bowles vowed to revive the issue this year. But after counting the votes they decided against it.

At the end of last year, Mr. Bowles was prepared to return to North Carolina. Mr. Clinton persuaded him to stay — for the time being.

More weeks later, the matter of Ms. Lewinsky broke. He has distanced himself from the handling of that threat because, aides said, of a visceral distaste for the entire subject of personal scandal and for Washington's prosecutorial culture. But some were critical of his decision.

"He's been a ghost on this; it's like he is not even here," said one longtime adviser to the Clintons not long after the controversy erupted.

Mr. Bowles said he believed his approach was correct. With everyone but lawyers and a few political advisers uninvolved and uninformed about the controversy, he said, the rest of the staff can concentrate on policy. "Nobody else spends time on it — none — and that's a plus," he said.

What Mr. Bowles wanted to spend his year on most of all was passage of broad anti-smoking legislation. Coming from a tobacco-growing state, he said, he believed he had special credibility to help Mr. Clinton craft a workable compromise. All last spring, there were meetings and phone calls with Republican leaders. But in June the bill died in the Senate.

"This is what I believe is the worst of Washington," he fumed at a postmortem news briefing. "I think politics stopped this thing cold."

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## Satellite Record Buys Global Warming Claims

By William K. Stevens  
New York Times Service

NEW YORK — As nearly as climatologists can tell by studying measurements dating back to the 1850s, the earth's average surface temperature has risen by about one degree Fahrenheit over the last century. But measurements made by orbiting satellites have suggested that the lower atmosphere is cooling, leading some skeptics to argue that the world is not warming.

"Now two scientists in California have re-analyzed the two-decade record of satellite data and concluded that it has been distorted by the inevitable decay, or lowering, of the satellites' orbits as they encounter atmospheric resistance."

Once this error is corrected, the scientists reported Thursday in the journal *Nature*, the satellite record shows the atmosphere has become warmer, but not as much as the surface has.

The authors of the study, Frank Wentz and

Matthias Schabel, atmospheric physicists with Remote Sensing Systems, a private research firm in Santa Rosa, California, report an atmospheric warming of about 0.13 of a degree Fahrenheit per decade.

The finding could signal "a sea change in the global warming debate," James Hansen and four colleagues wrote in a commentary that was to appear Friday in the journal *Science*. Mr. Hansen, the director of the NASA Goddard Institute for Space Studies in New York, has long been an advocate of the view that emissions of heat-trapping gases like carbon dioxide are warming the earth.

If the Wentz-Schabel finding stands up, Mr. Hansen said in an interview, it would make it "very difficult to deny the reality of global warming," though he and his colleagues noted in the *Science* article that the finding was likely to be challenged and possibly revised.

John Christy of the University of Alabama, an originator and keeper of the satellite record, im-

mediately offered a revision. While Mr. Christy called the report, "real" and "legitimate," he said other corrections involving, for example, east-west drift of the satellites and instrument temperatures had also recently been made. The net result of all the corrections, he said, shows a very slight warming in the lower atmosphere, less than the figures reported in *Nature* and the reading derived from surface measurements.

Mr. Christy acknowledged that this did not necessarily contradict the surface record. He and others have long maintained that the temperature profile of the surface and that of the lower atmosphere would not be expected to be identical, because they differ physically.

Comparing the two records, many scientists say, is like comparing apples and oranges.

"The surface is doing something slightly different from the atmosphere above," Mr. Christy said, "and that's just the climate. They do not have to be the same."

## Away From Politics

• A couple fell off the back of their 29-foot cabin cruiser near Clearwater, Florida, leaving their dog, Coco, in charge as the boat motored away. Coco remained adrift for three days; her owners were fished out after treading water for 21 hours. (AP)

• The 20-month-old JonBenet Ramsey murder case will be sent to a grand jury to help develop evidence in the unsolved slaying. The 6-year-old Little Miss Colorado found beaten and strangled in her parents' home. (AP)

• A Chicago high school teacher was suspended after being accused of using electric shocks to discipline a student. (AP)

• The tiny planned community of Celebration, Florida, developed by Walt Disney Co., reported its first violent crime after a robber broke into a home and forced occupants to give over cash and credit cards. (NYT)

• The cable-TV channel that showed the first live birth on the Internet said it would air the first live heart operation on television and the Internet on Wednesday. (Reuters)

## TO OUR READERS IN FRANCE

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Herald Tribune

THE WORLD'S DAILY NEWSPAPER

## No More Kennedys, Unknowns Get Chance

BOSTON — This has got to be the most fun you can have in Massachusetts politics without a Kennedy. It is precisely because a Kennedy is leaving that the 1st Congressional District, a Democratic stronghold encompassing parts of Boston and several suburbs, is up for grabs and considered the hottest campaign fight in the state these days.

Suddenly, candidates without the best brand name in American politics have a shot at hallowed ground: the kingmaker district that gave President John F. Kennedy his start in national politics and long served as home base to the late lioness speaker of the House of Representatives, Tip O'Neill.

The most recent Kennedy to hold the seat, Joseph P. Kennedy 2d, is about to retire after six terms, and vying for his spot is a sharp-elbowed, field of 10 strong Democrats.

Also, the political junkies who abound here can follow a phenomenon now exceedingly rare in the center-straddling Democratic Party of the Clinton era: Contenders in this grand old bastion of blue-collar, lunch-pail liberalism are sparring in part over just who is the most liberal liberal on the liberal block. (NYT)

## Thompson to Run? He Hires Political Aide

WASHINGTON — Senator Fred Thompson announced that he had hired a longtime political operative as his new chief of staff, generating more speculation about the Tennessee Republican's presidential aspirations.

Powell Moore held White House jobs under Presidents Richard Nixon, Gerald Ford and Ronald Reagan and worked on

their presidential campaign staffs.

He also was a volunteer for the presidential campaigns of George Bush and the former Senate majority leader, Bob Dole.

Ether Campi, deputy press secretary, read a prepared statement citing Mr. Moore's qualifications, adding, "I wouldn't read anything more into that."

Mr. Thompson, who headed a Senate investigation into President Bill Clinton's campaign fund-raising practices, is on the long list of Republican politicians contemplating presidential bids. (AP)

## Court Rejects Curb On Immigrant Care

SAN FRANCISCO — A state regulation in California that turns away certain immigrants who seek prenatal and emergency care has been struck down by an appeals court that said it wasn't properly created.

The state Department of Health Services cannot continue to implement the policy because it did not follow state law requiring public comment on proposed regulations, the California Court of Appeals ruled.

The policy, implemented in April 1997, required county health agencies to turn away immigrants who could prove their residency but had border-crossing cards prohibiting nonresidents from traveling farther than 25 miles (40 kilometers) into the United States.

The court said the rule was not consistent with state law mandating emergency care for undocumented residents. (AP)

## Quote / Unquote

Newt Gingrich, the House speaker, explaining why congressional Republicans favor increasing military spending: "There's no cheap way to lead the world. You either lead the world — and that means you have to be robust and powerful on a global basis — or you don't lead the world." (WP)

2000-2001



## ASIA/PACIFIC

## Burma Rejects UN Envoy Amid Standoff With Dissident

Compiled by Our Staff From Dispatches

UNITED NATIONS, New York — Burma has rebuffed a request by UN Secretary-General Kofi Annan to receive a special emissary to discuss "current developments," a UN spokesman said Thursday as a standoff continued in Burma between the government and a leading dissident.

"The response from the prime minister was polite, but stated that there was no reason for such a rush to visit," a UN spokesman, Juan Carlos Brandt, said.

The prime minister, General Than Shwe, told the United Nations there could be talks when Burma's foreign minister was in New York next month for the General Assembly.

In Rangoon on Thursday, state television broadcast several official denunciations of the party of the pro-democracy leader, Daw Aung San Suu Kyi, an unusual public indication that Burma's military government may be taking seriously her latest political challenge.

The party expressed fears for her safety earlier Thursday after her van was moved to a small wooden bridge on the second day of her latest roadside standoff with the government.

State television has not directly reported the confrontation, but it broadcast a series of reports showing senior officials from several ministries condemning the opposition party,

the National League for Democracy.

Daw Aung San Suu Kyi was making a fresh attempt to travel outside the capital to meet with members of her political party, but the military government again stopped her, claiming the journey was "unsafe."

Meanwhile, 18 foreign activists arrested for passing out anti-government leaflets Sunday were reunited in a single police facility, but there was still no decision on whether they would face trial.

U.S. Embassy officials were permitted to meet the six American detainees and described them as being in "good spirits," an embassy spokeswoman said. The others include three Indonesians, three Malaysians,

three Thais, two Filipinos and an Australian.

Daw Aung San Suu Kyi, head of the opposition party, was headed for Bassein, 160 kilometers (100 miles) west of Rangoon, when she was stopped at the same roadblock where she was held up for six days last month.

The van was presumably moved to clear traffic, which was backed up for several kilometers Wednesday. The same bridge, built for ox carts, held the dissident's smaller car during her standoff two weeks ago.

The authorities ended that showdown by seizing the dissident's car and forcibly driving her back to Rangoon. (Reuters, AP)

## BRIEFLY

## Malaysian Leader Plays Down Chances of an Early Election

KUALA LUMPUR — Prime Minister Mahathir bin Mohamad of Malaysia on Thursday played down the possibility of an early general election.

The national Berama news agency quoted Mr. Mahathir as saying that there was a perception among foreign observers that his visits to several states were to prepare for the election. "I am going around the country to inform the people about what is an economic downturn," he said after opening an exhibition in the central Malaysian state of Selangor.

The information minister, Mohammed Rahmat, fanned speculation two weeks ago when he said parties in the governing National Front coalition must be ready for elections, which he said could be called at any time. (Reuters)

## Cambodian Opposition in Uproar

PHNOM PENH — Cambodia's disgruntled opposition parties plan to submit hundreds of complaints of alleged electoral irregularities to the country's highest legal body, party officials said Thursday.

On Tuesday the National Election Committee rejected a list of hundreds of complaints, including allegations of intimidation, citing insufficient evidence.

Alleging widespread electoral fraud on July 26 by the ruling Cambodian People's Party, headed by Hun Sen, are the deposed co-premier, Prince Norodom Ranariddh, and his party, Funcinpec, which came in second in the vote, together with his opposition ally Sam Rainsy, whose party came third.

A UN-coordinated team of international observers said the vote was sufficiently free and fair to reflect the will of the people. But the two opposition leaders have threatened to boycott the new National Assembly when it convenes on Sept. 24, thus preventing the formation of a government, if their allegations are not addressed.

The Constitutional Council has two weeks to deal with the complaints before the official, final election result is issued on Aug. 29. (Reuters)

## China Detains 7 Dissidents

BEIJING — Seven dissidents who had planned a march to protest the jailings of two other activists were detained late Wednesday and early this morning, a human rights group said. The dissidents were part of a group of 40 who had requested permission to demonstrate in Changsha, in southern China's Hunan Province, Human Rights in China said.

They are demanding the release of Zhang Shuang, a labor rights advocate detained on July 22, and of Wang Youcai, who was arrested last month after trying to organize an opposition party.

Tan Li, Zhang Fan, and Li Jinhong were taken from the home of another dissident, Zhou Peifu, by police officials who refused to present identification or provide any explanations, the New York-based group said.

Police detained the dissidents Xie Changfa, Hu Diaoyi and his wife later that evening.

Also missing and believed detained was dissident Lin Jian'an, the group said. Mr. Hu and his wife and Mr. Xie were later released, according to the group, but the whereabouts of the remaining five are unknown. (AP)

## For the Record

Gummen attacked four vehicles in the central Philippines, robbing and killing 10 people. The police said one of the victims was a U.S. Peace Corps volunteer. He was identified Thursday as Robert Bock of New York state. (AP)

## New AIDS Victim

Cambodia, Land of Genocide, Has Highest Asia Infection Rate

By Keith B. Richburg

Washington Post Service

PHNOM PENH — Vy and Chenda say they are 23 years old, and Likay, just 19, but they all look much younger. All three work as prostitutes, entertaining three or four clients daily in their cramped wooden boarding house for about 5,000 Cambodian riel per "trick" — less than \$2.

All three women have heard of the human immunodeficiency virus, which causes AIDS, and they all say they use condoms, called "Number One" after the most common brand in Cambodia. But, Chenda says, "The men don't like to use condoms," and she admits having had unprotected sex "one or two times for big money." For her, "big money" is \$15, paid in dollars.

The three women and the thousands more like them in the teeming dirt alleys and in the bars and brothels of Phnom Penh are at the forefront of what health care professionals warn is an emerging AIDS catastrophe unlike any seen outside of sub-Saharan Africa.

Tiny Cambodia, ravaged by civil war and the genocide of the Khmer Rouge era, damaged by American bombs and embroiled in a long-running guerrilla war, is set for a new and more insidious type of destruction — from a virus that now infects between 1.6 percent and 2 percent of the adult population and could reach 2.3 percent by 2000.

Cambodia has already surpassed neighboring Thailand as Asia's most infected country, and in less than half the time it took Thailand to get there. The numbers are staggering. The rate of HIV in pregnant women is about 2.6 percent. One of every 10 university students is infected; nearly one in four soldiers carries the HIV virus. The World Health Organization has said Cambodia can expect 12,000 new AIDS patients this year and next, for a total of 40,000 by the turn of the century.

Moreover, between 40 percent and 45 percent of all prostitutes, like the three women at the boarding house, are believed to be infected, and many continue working even after being diagnosed.

Unlike Thailand, where an aggressive \$100 million campaign has stemmed the HIV tide, health care in Cambodia is abysmal: the national health budget is just \$18 million. And in a country still dealing with the lingering effects of a quarter century of near continuous warfare, a disease like AIDS hardly seems a top priority.

"They have so many worries. Why should they worry about AIDS?" said Marie Cammal, a French aid worker who runs a small foundation that assists girls and women who want to quit prostitution. "Everything here is a priority."

Many in Cambodia trace the flourishing sex industry to the early 1990s, when tens of thousands of UN "blue helmet" peacekeepers and civilian administrators descended here in an operation known as the UN Transitional Authority in Cambodia, which was designed to end a long-running civil war and pave the way for multiparty elections. On election day last month, when the second prime minister, Hun Sen, was asked what would be the operation's legacy, he replied: "AIDS."

Now the sex culture is ubiquitous, from the karaoke bars and massage parlors to the open-air restaurants and young as 10 — flock around potential clients.

"It's like Thailand 20 years ago," Miss Cammal said. "But AIDS has developed far more quickly here because they don't have the health care system."

## Floods Threaten Chinese Oil Field

By Michael Laris

Washington Post Service

BEIJING — Floods that have killed thousands of people and destroyed hundreds of millions of dollars of crops and property are threatening the country's largest and most important oil field, China has announced.

More than 40,000 people are working on "emergency steps" to protect the Daqing oil field in northeast China after flood waters cascaded over a key embankment along the Nen River in Heilongjiang Province, the Xinhua press agency reported Wednesday.

Northern China is being inundated with the kind of torrential rains that already have slammed central and southern China and caused the worst flooding seen along the Yangtze River since 1931.

A million people in areas near Harbin, Heilongjiang's capital and a key northeast industrial center, are threatened by the Songhua River, which has surged more than a half-meter (two feet) above the danger mark, Xinhua reported. Some 2.5 million people are patrolling and fortifying the river embankments as part of emergency efforts.

At the oil field in Daqing, which produces 50 million tons of crude oil annually, more than a third of China's total output, 3,000 oil workers and tens of thousands of others used more than 2 million sandbags to try to block the water flowing over the nearby Nen River embankment in Dordob County. The Nen's water level continues to rise, Xinhua said.

This year's floods have pushed 15.8 million people from their homes and slowed China's economy.

## Emergency Averted in Hubei Province

Surging floodwaters safely passed a crucial stretch of the Yangtze on Thursday, but another deluge in northeast China left tens of thousands of people homeless and forced the city of Harbin onto high alert. The Associated Press reported.

Water levels on the Yangtze at Shashi city in central Hubei Province crested at 44.8 meters (147 feet), state television said. That was just 20 centimeters (8 inches) short of the level state media said might have prompted officials to dynamite levees to divert water into an area where hundreds of thousands of people live, deliberately flooding their homes to safeguard cities downstream.



President Jiang Zemin, left, speaking on Thursday to soldiers who have been fighting the floods on Jingjiang embankment along the Yangtze River in Jingzhou, Hubei Province. It was Mr. Jiang's first trip to the flood zone.

## Beijing Watching Indonesia Violence

New Attacks Aimed at Ethnic Chinese Viewed as Test for Jakarta

By Michael Richardson

International Herald Tribune

SINGAPORE — Indonesian police on Thursday reported a new outbreak of anti-Chinese violence as hundreds of ethnic Chinese left the country or sought to do so for fear of more attacks.

The unrest will test the Indonesian government's ability to protect a key minority group and may prompt China to intensify intervention on the issue, analysts said.

Beijing has given tacit approval to student protests in China against the attacks even though official permission has been refused, the official Chinese media said Thursday.

China's increasing assertiveness over the sensitive issue of treatment of ethnic Chinese in Indonesia could cause a diplomatic confrontation between the two largest countries in East Asia, diplomats said.

Meanwhile, hundreds of Chinese Indonesians have caught flights out of the two largest cities, Jakarta and Surabaya, or have bought air

tickets to do so soon, following what the Jakarta Post said Thursday were "rampant rumors of impending unrest this weekend" ahead of Indonesia's Independence Day on Monday.

Separately, police said that an angry mob on Wednesday attacked and "wrecked" three shops owned by Chinese Indonesians in the coastal town of Labuan, in the western part of the main island of Java, after a dispute over the prices of basic commodities, Reuters reported.

Police said the situation in the town had returned to normal Thursday, with businesses open as usual. But as word of the trouble spread among nervous ethnic Chinese, it added weight to rumors of impending trouble.

The Chinese are often resented in Indonesia because of the prominent role they have in the economy, including extensive control over the retail business and distribution network.

The plunge in the value of the Indonesian currency, the rupiah, since East Asia's financial turmoil erupted just

over a year ago, and deepening recession in the world's fourth most populous nation, have caused prices for food and other essentials to increase sharply. Meanwhile, millions of Indonesians are losing their jobs and their purchasing power.

Departing Chinese interviewed by journalists Thursday said that they feared a repeat of the riots in mid-May in which more than 1,200 people were killed. In Jakarta alone, about 150 women were raped, according to human rights groups, and thousands of vehicles, shops and houses were set on fire.

The ethnic Chinese minority comprises less than 5 percent of Indonesia's 200 million population. But Chinese bore the brunt of the May violence, even though nearly all of them are Indonesian citizens and many were born in the country.

An ethnic Chinese student in Surabaya, who declined to be identified, told a Reuters correspondent that she was threatened with rape when she boarded a bus in the city Thursday.

"I had given the driver 1,000 rupiah to pay for the bus fare of 700 rupiah," she said. "When he did not return my change, I asked him, 'Where's my change?'"

"He turned to me and said, 'Do you want to be raped? Wait, you will get your return on the 17th.'"

The May riots added to the pressure that forced President Suharto to resign after 32 years of autocratic rule. His successor, B.J. Habibie, is on record as saying that the rapes were "the most inhuman event in the history of the nation."

But Mr. Habibie has appeared to make some contradictory statements about the riots and the role of ethnic Chinese in Indonesia. Many Chinese have expressed doubts that the security forces are willing or able to provide them with adequate protection.

Mr. Habibie said in an interview with The Washington Post in July that Indonesia's economy would survive even if ethnic Chinese entrepreneurs who had fled did not return.

On Wednesday — in a meeting with leaders of Christian church groups, also a small minority in predominantly Muslim Indonesia — he said that reports of the rapes "both done objectively and even more so those with agitative and propaganda connotations" had made it difficult for Indonesia to restore the confidence of international investors.

Mr. Habibie added that he could understand that people might still be traumatized by

the May riots, but he insisted that there was no reason to doubt the government's ability to maintain law and order.

Serious doubts on that score and intensifying protests among overseas Chinese, including those in Taiwan and Hong Kong, led Beijing recently to take the unusual step of calling on the Indonesian authorities to "face the facts solemnly, take strong steps to punish the lawless and protect the personal safety and property of the ethnic Chinese, and treat them fairly."

The call was made in a front-page commentary in the People's Daily, the newspaper of the governing Communist Party. Beijing seldom comments on the internal affairs of other countries because it rejects as interference outside criticism of its own often tough handling of unrest among China's ethnic minorities, including those in Buddhist Tibet and Muslim Xinjiang.

On a visit to Hong Kong on Aug. 3, after a meeting in Manila with Indonesia's foreign minister, Ali Alatas, Foreign Minister Tang Jiaxuan said he had "demanded" that Indonesia "take strong and effective measures as soon as possible to ensure that the safety and the proper legal rights of overseas Chinese are protected, and to take measures to ensure such incidents will never occur again."

The official China Daily reported Thursday that squads of Chinese police stood idle as several dozen students protested "atrocities" against ethnic Chinese in Indonesia near the Indonesian Embassy in Beijing on Wednesday and presented a petition to officials.

The paper, which printed a cartoon depicting an Indonesian wolf preying on bloodied Chinese lambs in Jakarta, said the students staged the demonstration even though the authorities had denied permission — something that never happens in China unless there is tacit official approval.

Beijing's recent statements and actions on the ethnic Chinese in Indonesia have raised concerns in Southeast Asia that Beijing was adopting a more assertive policy of protection toward the millions of Chinese who have become citizens of countries in the region.

Diplomats said that although similar expressions of concern about ethnic Chinese Indonesians had come from Western governments, legislators and human rights groups, China's intervention was more sensitive for Indonesia and could add to the problems of ethnic Chinese in the country.

## Monday

## HEALTH/SCIENCE

With a wide range of topics from technology to space exploration, from recent medical discoveries to how the human brain functions, this in-depth feature brings up-to-date information on scientific and physical developments in the intriguing worlds of health and science.

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## EDITORIALS/OPINION

# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## 'Shock and Dismay'

More than five months have passed since Secretary of State Madeleine Albright flatly warned Serbian strongman Slobodan Milosevic that the United States would not tolerate ethnic cleansing in Kosovo. "We are not going to stand by and watch the Serbian authorities do in Kosovo what they can no longer get away with doing in Bosnia," Mrs. Albright declared.

Now tens of thousands of Kosovo civilians are living like hunted animals in the woods, their homes bombed and burned out by Mr. Milosevic's troops, their livestock slaughtered, their crops destroyed. More than 300,000 civilians, some 15 percent of Kosovo's total population, have been forced from their homes. Ethnic cleansing is a "scorched-earth policy," as UN Secretary-General Kofi Annan put it — in full swing. And the United States is standing by and watching.

Kosovo is a province of Serbia, which is in turn the major portion of what remains of Yugoslavia. Ninety percent of Kosovo's 2 million people are ethnic Albanians, and only about 10 percent are Serbs, but since 1989 Mr. Milosevic has denied the Albanian majority any semblance of self-determination.

As a result, an independence movement has gained strength. Ostensibly to defeat the military arm of that movement, Mr. Milosevic has unleashed his troops in the province. All evidence suggests, however, that his true target is not just pro-independence guerrillas but the entire civilian population of Albanian ethnicity.

Much of what is taking place in Mr. Milosevic's latest war, it must be said, is not known. Having learned some lessons from the war crimes they committed in Bosnia, Serbian forces are

working hard to keep journalists, relief workers and human rights monitors away from any evidence. A German journalist who reported on mass graves of civilians has been expelled.

But even the sketchy information emerging from the Serbian onslaught provides a clear enough picture: An 85-year-old woman shot and slashed in her bed; an 11-year-old boy shot by a sniper while tending his family's cattle; truckloads of bodies driven out of captured villages; more than 300 villages destroyed. On Wednesday the target was the town of Junik, where more than 1,000 civilians were "confined in the worst conditions," according to Austrian Foreign Minister Wolfgang Schuessel, speaking for the Council of the European Union.

So there can be little confusion about what a State Department spokesman acknowledged is "a humanitarian catastrophe" in the making. Yet the West responds much as it did for so long as war crimes took place in Bosnia — threatening and cluck-clucking, wringing hands and urging restraint.

NATO intervention, frets German Foreign Minister Klaus Kinkel, would be "enormously complicated." And Secretary Albright? She sent Mr. Milosevic "a very forceful message," her spokesman said, "in which the secretary expressed her shock and dismay over the effects of the ongoing Serb military offensive to Kosovo."

Shock and dismay? Please. The time is long past for sending messages and for feigning surprise at Mr. Milosevic's long-established villainy. If President Bill Clinton and the West are not prepared to act, they should at least have the decency to retreat to total silence.

—THE WASHINGTON POST.

## A Giant Bet on Oil

That a proposed merger of two oil companies can be the largest international takeover ever proposed is a reminder that oil remains an essential part of the world economy. But the proposed combination of British Petroleum and Amoco announced this week also shows just how weak that industry is at the moment.

The oil industry, like many other commodity-based businesses, has been damaged by the weakness of the world economy in the wake of the Asian financial crisis. Asia had been the most rapidly growing market for oil. Now Asian sales are shrinking, and world oil prices have fallen despite repeated efforts by producing countries to limit supplies. Adjusted for inflation, oil is cheaper now than it was before the first oil shock, a quarter of a century ago.

That is good news for consumers, but not completely bad news for the oil industry. There is less talk of alternative energy sources that will supplant oil, and a lower cost of crude oil means that the oil companies' refining and marketing operations have a better chance for profits, in part because lower prices stimulate demand over time.

Certainly, the trend to energy-efficient sport utility vehicles would have been less likely had oil prices stayed high. But those benefits are more than offset by the lower profits made from finding and selling the now cheap crude oil.

—THE NEW YORK TIMES

## Arkansas Gambit

What does the vast right-wing conspiracy have against Arkansas, anyway? What did Arkansas ever do to the right wing to deserve this?

We are moved to ask the question by Hillary Rodham Clinton's latest dismissive explanation of the continuing legal difficulties of her husband, the president. She says, this time around, that his critics are guilty of what you might call statism — prejudice against his state.

"I think a lot of this is prejudice against our state," she told a reporter for the Arkansas Democrat-Gazette in an interview published earlier this week. "They wouldn't be doing this if we were from some other state." Somehow we think such figures as Bob Packwood of Oregon and Dan Rostenkowski of Illinois and Henry Cisneros of Texas would disagree.

Mrs. Clinton can do better than this, and has. If anything will give Arkansas a bad name, it is the lameness

of this latest invocation of it as itself a victim. The right-wing conspiracy charge was not credible, either, but at least it rose to the level of requiring rebuttal. The latest posture of standing by her state falls flat.

It is absolutely the case that the president's political enemies are making every use they can of his difficulties. But it is not the case that those difficulties derive from ideology, any more than they do from a combination of snootiness and geography. They derive from the president's conduct — in the current case, from the not insignificant question of whether the nation's chief law enforcement officer lied under oath in a court proceeding.

Thus the first lady flicks the underlying substance of these multiple troubles aside and would have the country do the same. She is entitled to try, but she ought to leave poor Arkansas out of it.

—THE WASHINGTON POST.

# The Skeleton in American Capitalism's Closet

By Peter Passell

NEW YORK — Like most economists, I have a weakness for clever fixes that exploit free markets. Want to prevent overfishing? Just privatize the rights to fish. Want to curb global warming for a fraction of the cost of conserving energy at home? Let Western consumers pay the Chinese and Russians to cut their emissions.

But efficiency is not an end in itself; making more stuff for less only gets you part of the way to the economist's nirvana. Like most of my colleagues, I worry too little about the division of the spoils. So let me harp a bit on the skeleton in capitalism's closet.

America's economic system does work better than the obvious alternatives. The socialist utopias collapsed under the cumulative weight of their internal contradictions. Asia's crony capitalism has proved, alas, that it is not ready for prime time. Europe's mixed economies perch on a powder keg of 20 percent youth unemployment — and cannot think of any way out, save for the risky strategy of following the advice of Alexander Hamilton and adopting a common currency.

But the celebration is getting out of hand. For while the American system is doing many things right, it is doing one

big thing wrong: For the last quarter-century, virtually all of growth's bounty has gone to the educated, enterprising and already affluent.

Not so long ago, growth was seen as the solution to all problems. Competitive markets, economists reminded one and all, had ensured that two-thirds of all income had been going to wages as far back as the division between capital and labor could be measured. Hence, a growing, fully employed economy would mean rising living standards for all.

But since the 1970s, economists have learned that a very nasty devil lurks in the details. While labor still captures about two-thirds of national income, skilled workers are the only ones who have benefited. And even within this elite, the phenomenon of "winner take all" has increased the gaps between the successful and the also-rans in professions ranging from law to plumbing to basketball.

Defenders of business-as-usual argue that the consequences are less than meet the eye. Inequality of consumption, they note, is less extreme than inequality of

wages or incomes. Social mobility does allow some of the poor to make the leap to the comfortable middle. The earned income tax credit — a negative income tax for the working poor — has offset some of the wage decline of the unskilled to America. And the elderly, the group traditionally at greatest risk, is now shielded from poverty by Social Security and Medicare.

But such rationalization gets you only so far. The most comprehensive estimate of income distribution, by Lynn Karoly of the Rand Corporation, shows that the income of the bottom tenth of American families fell by 13 percent from 1973 to 1995. And Brooks Pierce, an economist at the Bureau of Labor Statistics, has found that this growth in inequality has been magnified by the decline of company-wide medical and pension benefits.

What could be done to right the imbalance without damaging the engine of economic growth? Plenty.

The earned income tax credit could be expanded. State and federal tax systems could be tilted, effectively eliminating taxes on the bottom third of the income distribution and making up the lost revenue with modest increases on the top third.

Government could take some of the sting out of private income inequality by increasing outlays for communal services — day care, early childhood education, mass transit, recreation.

What are Americans doing about it? Precious little. Recent tax changes have virtually all had the effect of allowing the rich to keep more of their earnings.

Surprising the skeptics, welfare reform has been successful in cutting government costs. But tough love gets you dependence. Even its most optimistic supporters concede that the social infrastructure of day care and medical benefits is sorely lacking — and that roughly one-third of the welfare caseload is hopelessly unprepared for gainful employment.

A decade hence, will hindsight show that American capitalism, too, was drifting toward the ash can of history? Probably not. But I would feel a lot more confident if Americans spent less time celebrating capitalism's achievements and more coping with the problems that markets alone can't solve.

This is the last of some 500 weekly "Economic Scene" columns by Mr. Passell, who is leaving the staff of The New York Times for other ventures.

## Nuclear Weapons? Yes to Imagination and Good Sense

By Stephen S. Rosenfeld

WASHINGTON — Writer Richard Barnett once defended the American military against the common charge that it lacks imagination. Not so, he said; imaginatively speaking, they are the champions. It is part of their professional duty to peer into the future and imagine the contingencies and threats for which the nation must prepare.

During the Cold War, in fact, military thinkers were bold indeed, not least in nuclear planning. The threats they foresaw and the contingencies they planned for were ever more elaborate and horrible.

Strategists thought, for instance, that it was feasible to contemplate a nuclear exchange that would leave both sides in utter ruin, and that the United States should deploy 30,000 nuclear weapons to perform this mission. This was U.S. policy; it was called mutual assured destruction.

Plainly, the problem of the military and of civilians who get drawn into nuclear issues, including journalists, is not a shortage of imagination but a

surfeit. Or perhaps there is a shortage of the right kind of imagination, the kind tempered by the prosaic civic virtues of proportion, reasonableness, responsibility and balance.

All this is by way of rolling the truck back over the elusive question of whether America's immense expenditures on becoming a nuclear great power were worth it. Not whether in hindsight the project could have been achieved in a more efficient, cheaper and safer way — of course it could have — but whether the effort finally served America's security, values and way of life.

I tend to think that it did, but one who is still wondering, Robert H. Johnson, sent me his book, "Improbable Dangers: U.S. Conceptions of Threat in the Cold War and After," and we talked.

Mr. Johnson, who worked many Cold War years in the National Security Council and the State Department, is not a pacifist and no glib second-

guesser. But he is convinced that the evolving perception of the Soviet threat arose not simply from a calm, objective reading of Soviet purposes but from insufficiently examined subjective considerations.

By that he means that the United States for psychological reasons sought not only security but control, order and certainty.

He cites as typical and revealing the alarmed and apocalyptic language in some of the key policy-setting documents of the 1950s (NSC 68, the Kilian and Gaither reports). One Gaither committee member, contemplating the American future, felt that he was "staring straight into hell."

A feeling of ultimate vulnerability to Soviet power marked American strategic debate for decades until the Soviet Union, still a nuclear threat but otherwise a hollow shell, collapsed.

Objectively, says Mr. Johnson, that fear of strategic vulnerability was unwarranted.

There was a most unreal, fantastical quality to [the American] conception of threat. Soviet policymakers were most unlikely to risk their society's survival on the basis of a necessarily dubious calculation that they would come out first in a nuclear exchange when they knew that the United States would still have the capacity to destroy them.

Really? It is easier now, when Soviet power has evaporated, to draw comforting conclusions from hindsight about what Soviet policymakers risked, about which dangers were improbable and which were not. What we have learned, since about the Soviet missile crisis of 1962, for instance, does not strengthen my faith in the nuclear discretion and responsibility of the Kremlin leadership. Quite the contrary.

Looking back on the years of nuclear confrontation, I do not find the American quest for order and control to be entirely a fault of American policy. It represented as well a sensible wish

to keep small conflicts from feeding into big ones. Improbable dangers — think about it.

Before it happened, I was prepared to say, had anyone dared to ask, that the danger of a nuclear showdown over Cuba in 1962 was quite improbable.

The day before the Middle East war of 1973, I would have said similarly that the danger of a great-power nuclear fight in that region was improbable.

On a broader front, had I been asked in the early 1960s whether the United States would put a half-million troops into Vietnam, I would have said it was an improbable danger.

But you get the point: Dangers become probable or improbable not according to some inherent quality of the event but according to the political investments that governments make in them.

We do not want fevered and hysterical people to decide on these investments. We want people with imagination and good sense.

—The Washington Post.

## Getting Rid of Weapons Sounds Good but Isn't Easy

By Frederick Bonmart

BRUSSELS — In Kosovo the war goes on. Kosovar separatists use what weapons they can obtain to try to gain their independence, while government forces use heavier weapons to maintain order and the status quo in the province.

Hundreds of people have been killed, more wounded, and large numbers, running into the hundreds thousands, have been uprooted and try to survive in atrocious conditions.

So the cry by Oscar Arias, the former president of Costa Rica, to stop spending vast sums on arms ("Stop This Spurious on Weapons," *Opinion*, Aug. 10) comes at an apposite moment. There is evident contradiction between preaching the need for peace and continuing weapon proliferation, most of it by the five permanent members of the UN Security Council.

Mr. Arias's proposal for a new international fund to convert the peace dividend to education, development and health care by

promoting global demilitarization and funding a UN standing force has considerable appeal. Yet thought should be given to the practical consequences.

Such a fund would be administered by international officials who would supervise expenditure on initiatives such as buying back weapons from former guerrillas, training them in civilian occupations and resettling them. As these guerrilla forces disappear, the governments of their countries could reduce the military forces that have been engaged in countering them, thus freeing more manpower and resources for development and other peaceful use.

Incipient quarrels between countries could be contained and, if necessary, subdued by a more powerful UN standing force. Once countries could rely on the intervention of such a force, their requirement for national armed forces would

be at the cost of development aid hospitals, schools or drinking water.

As for funding a UN standing force, such a force already exists. The Security Council has a military staff committee to plan UN operations if necessary, under the Charter, all member countries are obliged to supply such forces. And NATO is available at the call of the Security Council.

The combined power of the United Nations would indeed be more than adequate to solve all violent disputes, but agreement has to be obtained for its use. Occasionally this has been forthcoming.

At the request of the Security Council, the United States and allies fought off the Northern threat in Korea. Later, a group of allied countries intervened in the Gulf. More recently, NATO went into Bosnia. At present, NATO continues to make military plans to intervene in Kosovo, and would act if the Security Council so requested. The problem is not the means but the will.

Action is, in fact, being taken to achieve some of Mr. Arias's aims. Gradually, rules of warfare and restrictions on weapons are being introduced and applied.

Chemical warfare was not used in World War II, although the means were available; it is

being outlawed now. Nuclear weapons have not been used after the first frightening occasions, and treaties for their reduction are being made. The European Conventional Arms Reduction Treaty was signed in 1990, and considerable reductions in heavy weapons have occurred.

The hope for the future is that, as nations become more interdependent with the advance of technology, particularly the communications explosion, they will increasingly make and adhere to rules for settling conflicting interests by means other than violence.

As for the present, the old adage holds true: It is not weapons that make war, but men. They will use them when their vital interests are at stake, whatever rules may be in place.

The writer is editorial director of NATO's 16 Nations, an independent military journal. He contributed this comment to the *International Herald Tribune*.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

## Real America Splits on Clinton

By George B. Pyle

SALINA, Kansas — The woman on the telephone was emphatic. She had had quite enough of all this stuff about the president's sex life in the newspaper and on television. It was none of one's business, the 71-year-old widow stated, certainly nothing for a special prosecutor to be wasting time and taxpayers' money investigating. "That Ken Starr's just jealous," she said.

The caller, one of dozens of people who have called or written my newspaper office to comment on the Monica Lewinsky matter, compared the independent counsel's never-ending investigation to Senator Joseph McCarthy's incessant search for Communists back in the 1950s.

The Red hunters, she said, bounded rich Ivy League types and Hollywood stars out of class and sexual jealousy as much as any concern for national security. Those rich boys were attracted to communism only by its promises of sexually free female comrades, she said, and that was what angered their misogynists.

The views are not shared by everyone here in Real America. But the way the caller

expressed herself explains a lot about why, even as more Americans believe that Bill Clinton and Monica Lewinsky did have a sexual relationship of some kind, more are tired of the investigation and see no reason why it should lead to resignation or impeachment.

People get the impression that Mr. Starr is on some kind of crusade to punish those who transgress. Those on the other side of the issue draw a different historical analogy. A man who called the local radio talk show of which I am co-host spoke for many when he said he saw Mr. Starr, the special prosecutor, or as the Red hunter Joseph McCarthy but as the Prohibition crime fighter Eliot Ness.

Mr. Clinton, this faction believes, is obviously flawed yet too slick to be caught at anything. So, just as Ness finally nailed Al Capone for the relatively petty crime of income tax evasion, they see Mr. Starr's investigation of the president's sex life as a trick, justified because it is the only available route to justice.

These people presuppose Mr. Clinton's wrongdoings to exist. When my co-host, Clarke Sanders, and I tried to talk about the Lewinsky matter on the program the day she finally testified before the grand jury, the most emphatic calls were from people who were convinced that Mr. Clinton could not be trusted long before Ms. Lewinsky became a household name.

To these people, Mr. Clinton's crimes are his support for abortion rights, gun control and gays in the military. Those Clinton policies are impeachable offenses to many, violations of their firmly stated but feebly explained interpretation of the constitution.

That is why the Lewinsky matter has seemed to change so few minds. People on both sides see the sex scandal as a ploy to drive an elected president from office.

The only difference of opinion is over whether that is a good or bad thing.

The writer is editorial page editor of *The Salina Journal* and co-host of "Friendly Fire" on KSL radio in Salina. He contributed this comment to *The New York Times*.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1898: Vaccine Clause

LONDON — Anti-vaccinationists in England have in measure gained something of a triumph because the Vaccination Bill, "conscience clause" and all, has got through the third reading in the House of Commons. This "conscience clause" runs thus: "That no parent or other person shall be liable to penalty under the Vaccination Act of 1867 if he satisfies justices in petty sessions that he conscientiously believes vaccination would be prejudicial to the health of the child."

This has created no end of controversy, chiefly among the medical profession.

### 1923: Bambino Leads

NEW YORK — The high cost of bathing honors was well indicated yesterday (Aug. 12) when Babe Ruth paid with a sprained tendon for one-thon-

sandth of a point, enough to give him an edge on Heilmann for the batting leadership of the American League. With his homer against the Cardinals, Ruth leaped into first place. At the same time, the Bambino tied Williams for the homerun honors of the season, the total for each now being 29.

### 1948: India's Ills

CALCUTTA — A year of convulsive change has left deep marks, good and bad, on this country, still staggering under the weight of the independence she won on August 15, 1947. Freedom was a great and glittering prize, but it was no miraculous panacea for India's multitudinous ills. British rule is gone and for that there are many regrets. Yet the melancholy millions of India are in most material ways no better off than they were a year ago — and in some ways they are worse off.

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Mtg. Dir. Asia: Terry Dwyer, #1201, 191, First Road, Hong Kong. Tel: 852-2222-1168. Fax: 852-2022-1190  
Circ. Mgr. Germany: T. Schiller, Friedland 15, 08232 Friedland, Tel: +49 (0) 3741 259-0. Fax: +49 (0) 3741 259-20  
Pres. U.S.: Ann Blankenship, 830 Third Ave., New York, N.Y. 10022 Tel: (212) 752-3800. Fax: (212) 752-8705  
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## OPINION/LETTERS

## Columnist Broke Journalism's Cardinal Rules

By Howell Raines

NEW YORK — Trust is the glue that holds newsrooms together and ultimately binds readers to a specific newspaper and to newspapers in general.

The Boston Globe's decision not to dismiss its star columnist, Mike Barnicle, is understandable as a matter of loyalty, public relations and readership, but when it comes to the keeping of consistent professional standards it does not pass the trust test.

Granted, there is no painless fix when things get as messed up as they did between Mr. Barnicle and his editors at the Globe. Granted, too, that there is a certain awkwardness in discussing Mr. Barnicle's reinstatement for anyone writing for The New York Times, since The New York Times Co. owns the Globe.

The Times Co., as a matter of policy, allows all its media properties a high degree of editorial independence. Because of this, it let the Globe deal with a difficult situation in its own way.

But that corporate philosophy cuts both ways and thus allows, in this space, an examination of the implications for journalism of the Globe's pardoning of Mr. Barnicle and its earlier dismissal of Patricia Smith, a black columnist who confessed to making up people and quotes.

The Globe dropped Ms. Smith like a hot rock, and rightly so. But upon her dismissal, there were immediate rumblings that the newspaper

had, for years, looked the other way when confronted with reports that Mr. Barnicle was writing what Mark Twain called "stretchers" in his colorful but apparently well-reported columns.

In what seemed a pathologically self-destructive or defiant act, Mr. Barnicle then published a column that used, without attribution, jokes very similar to those in George Carlin's book "Brain Droppings."

When challenged by his editors he said he had not read the book and had gotten the material from a friend without checking its origin. There

soon surfaced a tape of Mr. Barnicle recommending the book on television as having "a yuk on every page." Mr. Barnicle told his editors that while he had recommended the book, he had not actually read it himself.

Amidst this hurricane of evasions and didn't-inhale excuses, the Globe's editor, Matt Storr, quite properly asked for Mr. Barnicle's resignation.

Mr. Storr later relented, saying that his original decision had been hasty and that it was unfair to give Mr. Barnicle the same penalty as Ms. Smith, since his lapse

was so much more marginal than hers.

With all respect, I can't buy that.

Life is full of gray areas, but the intellectual contract that makes mainstream newspapering possible is stark and clear. Editors have to be able to trust what reporters and columnists write and say.

Journalists do not make things up or present others' writing and thought as their own. All Mr. Barnicle had to do to get around his problem with the 10 lifted jokes that he got from a friend was to present them as 10 funny things he heard from a friend, rather than present them as his own wit. No matter which interpretation you prefer, this was unattributed material presented as original writing in a column headlined "I was just thinking..."

At The New York Times and other newspapers, people have been dismissed for making things up. The Times, the Globe and The Washington Post have all given lesser punishments to reporters for failing to attribute material first used in other publications' news articles.

The Globe's vacillation in a case that combines borrowing and lack of candor with the editors illustrates a general rule. Public respect for newspapering is wounded when rules that would be enforced with doctrinal ferocity among the mass of journalists are lightened for a star who has great value to the paper. The damage is internal as well.

— Richard Cohen, in The Washington Post

It says to young journalists that the contract of trust that we ask them to sign — about what they write and what they tell their editors — is not really absolute or equally enforced.

This brings us to an important point about the sociology of journalism. Mr. Barnicle is an immensely popular figure in Boston and in the journalistic world. In the last few days, he has been the beneficiary of a vigorous public relations campaign among the profession's old-boy network. Important broadcast journalists have promoted the idea that Mr. Barnicle was being sacrificed for minor mistakes so that the Globe could get by with firing a black woman. His middle-aged white male colleagues at the Globe have rallied around.

I am haunted by something I know in my bones. If you take Mr. Barnicle out of the picture and imagine instead Ms. Smith being brought up on the charges of using unattributed material and misleading her editors, she would not have such prominent and persistent defenders. That is because Mr. Barnicle, like this writer, is a product of a male-dominated, mostly white tribal culture that takes care of its own. A great deal of effort has been expended throughout journalism over the past 20 years to make sure the newsroom tribe includes every color, gender and sexual orientation.

Long after Mr. Barnicle settles back into his column, the historical bottom line of this event will be that a white guy with the right connections got pardoned for offenses that would have taken down a minority or female journalist.

You'll buy my position, of course, only if you believe in strict enforcement of rules about borrowing, lifting and leveling with colleagues, and if you believe, as I do, that if you have to choose between a worthy but erring colleague and the newspaper itself, you choose for the paper.

After all, all the members of this profession know the rules when we sign up. They are rules based on a tradition of trust that cannot be ignored without stirring anxiety in the newsroom and suspicion among the readers.

The New York Times

## Psssst, Kid, Want Some Viagra? America's Legal Drug Culture

By Frank Rich

NEW YORK — In my 1960s youth, America couldn't stop talking about, or taking, a drug that promised sexual ecstasy and a sensory trip. If memory serves it was called marijuana and, though widely available, it was illegal.

Three decades later, the new national drug of choice also promises sexual ecstasy and, as a potential side effect, what the Food and Drug Administration describes as mild

a link speeds you to a cyberstore called The Pill Box Pharmacy. There you click agreement to a waiver of liability, fill out a simple questionnaire any way you wish, pick your own dosage and — party on!

Though Pill Box would not fill my order when I clicked "no" to erectile dysfunction, it did accept a deliberately vague boilerplate description of some "problem." The pills soon arrived by UPS from San Antonio, Texas. I was charged an additional \$85 for a "consultation" with a doctor whose name I learned only from the pill bottle.

He not only did not talk to me, but he did not consult with my primary care physician to verify my purported medical history or to see if I was telling the truth when I said I was not taking medications known to interact dangerously with Viagra.

I asked Michael Risher, of the Lindesmith Center, the drug policy research group, why U.S. drug warriors look the

## MEANWHILE

temporary perceptual "changes in blue/green colors." It is called Viagra, and not only is it a legal prescription medication, but anyone with a credit card can score some over the Internet without even seeing or speaking to a doctor. I know because I did.

Viagra is the emblem of our fin-de-millennium drug culture. On the market only since April, it has spawned a cottage industry in humor, not unlike all the stoned comedy of the '60s, and is minting money for Pfizer, its manufacturer.

Pfizer "has refined the art of publicizing a 'blockbuster drug'... not unlike the way Hollywood releases a summertime action flick," writes the journalist Greg Criter in his Salon magazine report on the sprawling Viagra industry.

"It's kind of off the charts," said a Pfizer spokeswoman last week, sounding very Hollywood as she talked about Viagra's box office.

The same spokeswoman assured me that Pfizer did not "have a sense that there is any kind of widespread abuse of this product." She also said, "You can't go into a pharmacy and talk your way into a Viagra tablet without a prescription."

Nonetheless, it is not hard to find anecdotal evidence that Viagra is being used, however improperly, as a recreational aphrodisiac by both men without erectile dysfunction and by women (for whose use it has not been cleared by the FDA).

An Internet site titled "How and Where to Obtain Viagra" advises: "If you can't get it from your doctor, try your local junior high school! The girls in the junior high school near to where I live have it and are selling it to each other."

If you go into the widely used Web search engine Infoseek — in which Disney owns a big stake — and merely type in the word "Viagra," an ad immediately starts flashing "Free Viagra" and leads to an online purveyor.

At another site promoting the Viagra-hyping book "The Virility Solution" by Steven Lamm, an assistant professor at the New York University School of Medicine,

U.S. drug warriors rail against marijuana but have no problem with Viagra, which appears to be a popular recreational drug with all kinds of people.

other way at such flagrant Viagra madness while railing against, say, the medical use of marijuana. He said that "perception" rules: Viagra, after all, has the fatherly imprimatur of the irreproachable Bob Dole. (We all know which national figure is the poster boy for marijuana.)

Yet even as drug use among the young is being fought by a Clinton-and-Gingrich-endorsed ad blitz costing taxpayers nearly \$1 billion, what kind of mixed messages are adults sending kids? The same ad industry that is making the anti-drug spots speaks out of the other side of its mouth by pushing grown-up-sanctioned drugs like alcohol and nicotine, not to mention an exponentially increasing number of prescription pharmaceuticals.

A drug culture is a drug culture is a drug culture, whether the illicitly obtained gateway high of choice for a teenager is marijuana or any legal, heavily promoted medicine that is perceived as lifestyle enhancing, no matter what its side effects or long-term consequences.

Call it an acid flashback to the '60s, but I'm taking my phone off the hook to avoid all the friends coming after my stash.

The New York Times

## LETTERS TO THE EDITOR

## Africa Attacks

Although I am intensely proud to be an American, I was ashamed as I watched the news recently on British television. Images of the dust, rubble and body bags of the continuing Nairobi rescue effort were crossed with images of the crisp uniforms and solemn ceremonies accompanying the shipment of Old Glory-draped coffins on their way home for burial.

Of course we Americans should honor the U.S. victims of the attack in Kenya, but it would have cost us nothing to postpone the re-

turn of their remains until the rescue and recovery operation in Nairobi was finished. As it was, viewers could be forgiven for thinking that Americans care only for their own compatriots and think the dead of other nationalities of lesser importance.

ERIC VAN TASSEL  
Fowler, England

In view of the attacks on the U.S. embassies in Nairobi and Dar es Salaam, perhaps the idea of creating special ambassadorial compounds should be considered. These would be outside city boundaries, away from residen-

tial, business and commuter areas. Parking would be at a distance from the compounds. People would have to walk to the embassies and be cleared by security guards.

We live near several embassies. The area is like a zoo and everyone's life is disrupted. Compounds might be worth considering.

A. STAMBOULIEH  
London

## About Clinton

Regarding "Presidency Under Siege: Enough Is Enough" (Opinion, Aug. 3) by Arthur Schlesinger Jr.:

About Kenneth Starr's investigation of President Bill Clinton, Mr. Schlesinger says "enough is enough."

But what about the other side of the coin: How much longer is the president going to cause public money to be spent as he hides the truth?

What an awful example he sets for the young who still believe in ethical and moral standards. Americans' indifference to this sordid affair only demonstrates the decline of moral standards in the United States and in the West in general.

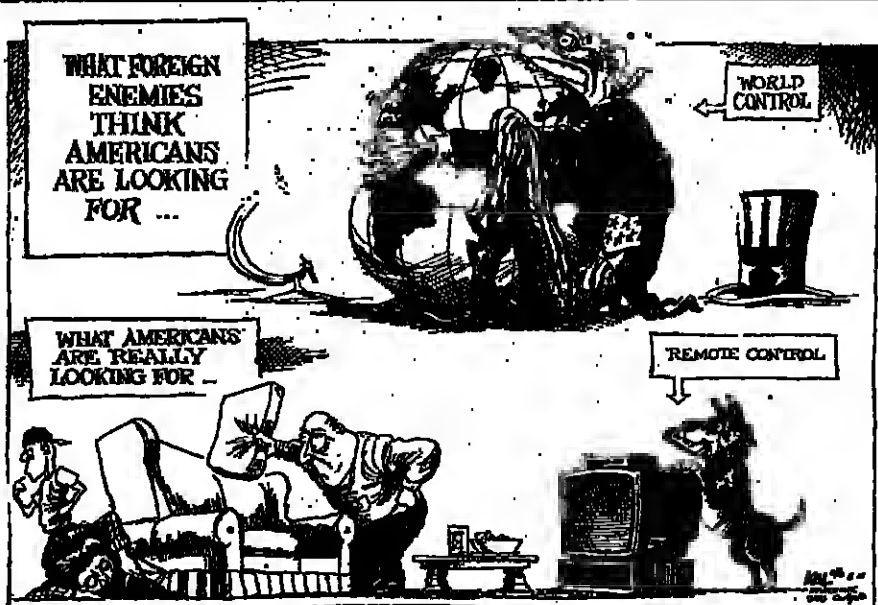
CHARLES E. GRUETER  
Malaga, Spain

We should be reassured by President Clinton. He has so far proved that he performs exceptionally well under pressure, considering the bizarre series of investigations that have burdened his presidency from the start.

The trash-the-president people are oblivious to the fact that voters elected him after being told about Gennifer Flowers, inhaling-or-not and Whitewater. Then came Filegate and Paula Jones. Still, he was re-elected.

NICOLE PINNIGER  
Johannesburg

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By KAI in The Sun (Baltimore), Co. V. Syndicate

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Tel.: (44-171) 420 0326  
Fax: (44-171) 420 0338

**North America:**  
Sandy O'Hara  
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## INTERNATIONAL

## Iraq Negotiates by Candid Camera

UN Arms Inspector Is the Unwilling Star, Unhappy With the Editing

By Barbara Crossette  
New York Times Service

UNITED NATIONS — Iraq experimented this week with a television propaganda blitz intended to court world opinion. The effort is getting mixed reviews, and could backfire where opinion matters most: in the Security Council.

In the last few days, Iraqi television, and networks around the world, have been showing tape of a tense standoff between the deputy prime minister of Iraq, Tariq Aziz, and the chief arms inspector of the United Nations, Richard Butler, in talks that broke down 10 days ago in Baghdad.

More than four hours of tape from two days of meetings have been shown in Iraq. Networks have aired mostly one short clip that appears to show Mr. Butler rising from his chair and abruptly ending the meetings on Aug. 3.

"That never happened," Mr. Butler said Wednesday, recalling his last, admittedly chilly, meeting with Mr. Aziz. "The meeting ended in an orderly way. I walked around the table and shook his hand."

For Mr. Butler, who had been given an ultimatum by his Iraqi counterpart — declare us disarmed first or there is nothing to talk about — there were more troubling aspects to the videotaping than one scene that he suspects may have been edited.

"I have been shocked to learn that Iraq has chosen to put into the public arena videotapes of our private official consultations," Mr. Butler said, calling the Iraqi action an attempt at political theater.

"This was done without any consultation with us," Mr. Butler, an Australian arms con-

trol specialist and former diplomat, said that the videotaping of his meetings began in December, when one dispute over the expulsion of American inspectors had abated and another was about to begin. Mr. Butler said that, at the first meeting that was taped, Mr. Aziz "announced the existence of presidential sites from which we would be forbidden forever, and that authorized part 2 of the November-to-February crisis."

"Now, here were these cameras and lights in the room," he said.

"I said, 'May I ask you a question before we begin? What is it that we see here?' And he said that they are video cameras. And I said, 'What is the purpose of this?'"

Mr. Aziz assured him that the tapes were being made only for the historical record for both sides.

"I said, 'It's not for the media?'" Mr. Butler recalled. "And he said, 'No!'" — robust assurance — "No! It's just for the record."

Talks in January, March, June and August were also videotaped. In June, an extra microphone appeared in front of Mr. Butler's place at the table in the Iraqi Foreign Ministry. Its presence made private consultations with his team virtually impossible.

Only the August session, when Iraq appeared to have decided to stop all further cooperation with the arms inspection commission, was broadcast on Iraqi television.

But before that public airing, just after the end of the talks, copies of the video were sent to certain embassies in Baghdad sympathetic to the Iraqi cause and to selected members of the Security Council.

"We, Unscam," — Unscam is the name of the arms inspection commission — "have not yet been provided

with our copies," Mr. Butler said.

The commission's monitoring center in Baghdad was given a tape, however, and that is slowly making its way to New York.

"One person from a permanent member state spent five hours yesterday reviewing the whole lot," Mr. Butler said. "But not us, the co-participant in the talks."

Diplomats and others who have seen the tapes doubt that they will have the effect the Iraqis want. Much of the tape is devoted to Mr. Aziz blustering, badgering and cutting off Mr. Butler with repeated sharp demands for an immediate end to sanctions.

This from the Iraqis, who have persuaded some aides to Kofi Annan, the secretary-general, that Mr. Butler's "Anglo-Saxon" bluntness and the "cowboy" behavior of his inspectors offended Iraqi sensibilities.

"While Iraq talks about Unscam's behavior, as they sometimes do, this kind of behavior by them in a diplomatic context is unheard of," Mr. Butler said. "Diplomacy does have its rules. It would be appropriate for us to be advised of these things. We are a co-participant with Iraq in these conversations. It's not a one-way event, a one-way street."

"What this does to the utility of confidential conversations is a bit worrying," he added. "That's why diplomacy has these conventions."

## ■ Envoy Returns to Iraq

A special envoy of the United Nations, Prakash Shah, returned to Baghdad on Thursday to urge the government to resume cooperation with U.N. weapons inspectors, Reuters reported from Baghdad.



Prakash Shah, left, the UN special emissary, arriving in Baghdad on Thursday to press for arms inspections.

## POLICY: To Rally Support, U.S. Draws New Lines in Sand for Iraq

Continued from Page 1

sequences" if Iraq violates the Feb. 23 agreement, and with Mr. Annan already having admitted that Baghdad has done so, "we don't have to worry about going back and getting approval for a use of force," a senior official said.

In the last episode, the official said, "we ramped up militarily first, and then had to backtrack and build up diplomatic support." This time, "we can ramp up the diplomacy first in a way that is harder for critics and opponents to object to, and that doesn't allow Saddam to set the timetable."

The United States is calling for a Security Council meeting to respond to letters sent Wednesday by the chairman of the United Nations weapons inspectors, Richard Butler, and his counterpart at the International Atomic Energy Agency. Those letters inform the council that both agencies are no longer able to monitor disarmament in Iraq and ask the council for instructions.

If efforts by Mr. Annan and the council fail to ensure Iraqi compliance, another official said, it ought to be easier than it was six months ago to keep the Security Council united and to secure broader international support for military action, if necessary.

The United States will continue to ensure that outstanding questions about Iraq's weapons programs are not ignored and that sanctions are not lifted, as Mr. Saddam is again demanding.

The officials said that they expected the February agreement to be challenged by Mr. Saddam. After the last episode ended with Mr. Annan's intervention, the senior American foreign policy team began drafting this new approach.

"We do learn from our experiences," a senior official said.

The major lesson of six months ago was the need for broader support. At that time, many Arab countries were ambivalent about Iraq. Some European allies opposed the use of force. Even the American public seemed doubtful, as shown most vividly at a "town meeting" in Columbus, Ohio.

The notion of bombing Iraq and killing people because of the principle of access for UN inspectors was not sufficiently convincing, some officials said. That prompted a shift in emphasis to retaliation for active Iraqi misdeeds.

During the last episode, American officials from President Bill Clinton down insisted that access for UN weapons inspectors was vital to prevent Iraq from developing weapons of mass destruction and perhaps even supplying them to terrorists.

While the United States continues to insist that Iraq live up to its commitment to provide unrestricted access for weapons inspectors — they are still considered the best means to disarm Iraq and ensure it remains disarmed — American officials now stress their own ability, through intelligence such as satellite and

spy plane reconnaissance, to monitor Iraq.

"If we determine that Iraq is reconstituting its program of weapons of mass destruction, or its missile delivery systems, or threatening its neighbors, we can respond with the force we currently have," an official said.

The officials also now emphasize Mr. Saddam's obligations to disclose to the United Nations what his military programs are, rather than simply granting access.

"It's firmer ground to stand on," an official said.

Keeping economic sanctions makes it

more difficult for Mr. Saddam to make weapons, even if inspections lag, officials argued. Washington will not agree to lift sanctions until Mr. Saddam "comes clean," one official said.

Things would actually have been more difficult for Washington, officials admitted, if Mr. Saddam were cooperating with the inspectors. They might now be declaring Iraq free of chemical and nuclear weapons and missiles to deliver them. With only biological weapons outstanding, it would be hard to counter French and Russian demands for at least a partial lifting of sanctions in response.

## UN Detainees Call Treatment Fair

By John M. Goshko  
Washington Post Service

UNITED NATIONS, New York — The 26 detainees awaiting trial in the Netherlands on war crimes charges have sent a letter to their UN judges declaring that they generally have had "fair and decent treatment" and denying news reports that they are "depressed and preparing for riots."

The detainees, predominantly Serbs but also some Croats and Bosnian Muslims, are being held in The Hague for trial by a special UN war crimes tribunal on charges stemming from the Yugoslav civil war. They sent the letter to the chief judge, Gabrielle Kirk McDonald of the United States.

"We have become aware of recent reports in the media picturing us as depressed and preparing for riots," said the

letter, sent this week. "These reports do not have any substance; we are in a better position than anyone else to say that reports of this kind are complete nonsense and lies."

The detainees said they decided to issue the letter after several reports asserted that their psychological condition was deteriorating and possibly becoming dangerous. Most of these reports were in connection with the recent deaths of two ethnic Serbian defendants, Slavko Dokmanovic and Milan Kovacevic.

The detainees said those events drew them closer together: in the aftermath they agreed that they would try to bring to the attention of the tribunal their desire for better medical care, more fresh air and exercise, more and better food, better arrangements for meetings with their families and lawyers and access to media from their own countries.



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## Oldest Touring Jazz Man, Benny Waters, Dies at 96

By Ben Ratliff  
New York Times Service

NEW YORK — Benny Waters, a saxophonist, clarinetist and singer who was America's oldest touring jazz musician, died Tuesday in Columbia, Maryland, at 96.

Mr. Waters was an independent operator to the end, appearing as a solo artist with ad hoc bands at clubs and festivals around the world. Performing until late June this year, he never failed to enjoy himself in public, making jokes in different languages, calling tunes faster than his musicians could remember them, scattering through vocal breaks.

Though his tune became fragile in the last few years, his phrasing still had the signature of a man who was a contender in the 1930s. His rounded, swooping alto-saxophone lines and plucky vibrato bespoke his authenticity.

Born in Brighton, Maryland, near Baltimore, Mr. Waters started his musical education at the age of 5 with organ lessons. He soon moved to reed instruments. While in high school, still in the pre-jazz era, he played syncopated music with Charlie Miller's band. He attended the Boston Conservatory of Music for three years, studying theory and arranging. He gave private clarinet lessons. Among his pupils was Harry Carney, who went on to play baritone saxophone with Duke Ellington.

In 1952, a tour with a Dixieland band led by the trombonist Jimmie Archey took Mr. Waters to Europe. He stayed there, living and working mostly in Paris until 1991. During that time he published a memoir.

He had difficulty over his health insurance when he needed surgery to remove cataracts. He moved back to the United States to have the operation. It was not successful.

In blindness he persevered, averaging

100 performing dates a year until this year. He was awarded the Legion of Honor by France in 1996. He wore the medal at every performance from then on.

His most recent recording was "Birdland: Live at 95."

Philip von Schantz, Painter

STOCKHOLM — Philip von Schantz, 70 one of Sweden's most noted painters and a former director of Stockholm's modern art museum, died Wednesday. He was known for his highly detailed still-lives, especially of mounds of berries and other fruits.

## French Singer Kills Himself

The Associated Press

CAHORS, France — The French singer Nino Ferrer committed suicide Thursday near his home in the Lot region in southern France, the police said. He was to turn 64 on Saturday.

The police said Mr. Ferrer shot himself with a hunting rifle. His body was found next to his car parked in a field near the town of Saint-Cyprien.

A popular French singer for three decades, Mr. Ferrer was reported missing by his wife after she found a letter saying he planned to kill himself, the police said.

Famous for his gravelly voice, nostalgic lyrics and puns, Mr. Ferrer hit the top of the charts with "Le Sud," "Mirza," "Les Cornichons," and "Le Téléphone."

He gave up music several years ago to devote himself to painting.

## CROSSWORD

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22 "...could — horse"	43 Smoke	43 S.F. zone	44 Tachygraphists
			45 Utah's flower
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			49 extra cost
			50 Civil rights leader Wells
			51 "All for one and one for all," e.g.

Solution to Puzzle of Aug. 13

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## Leisure

# Out of Disaster, Alaska Builds an Ecological Monument

By Timothy Egan  
New York Times Service

**S**eward, Alaska — I was in Alaska almost a decade ago when a ship nearly 300 yards long went aground, spilling 11 million gallons of crude oil into the sea of Prince William Sound.

Day One was shock and trauma. Day two disbelief. By the third day, fishermen who would never so much as touch a fishing hook were crying like infants. Alaska's beloved inland sea, with its otters and whales, puffins and bald eagles, was thought to be mortally wounded.

So it was heartening this summer to return to the scene of the largest oil spill in North American history and see that the fecund life of Prince William Sound seemed to be coming back, also that an ever resourceful Alaska port had fashioned something lasting and monumental from the disaster.

In the months just after the 1989 spill, oil spread more than 1,000 miles (1,600 kilometers) away from the rupture point near Valdez, the town of Seward served as a triage base for the thousands of dying marine mammals. It was a gold rush camp for "millionaires," as those who made a living off the cleanup were called, and a pretty sight. An army of people hauled oil from rocks, while others fought in fresh casualties: majestic, oily seabirds or others tarred and oiled by oil. Most of them died, painful deaths.

Now Seward is jumping, but in a different way. The town, 125 miles from the southern shore of the Kenai Peninsula, has just opened the

Alaska Sea Life Center, which the organizers say is the Western Hemisphere's foremost cold-water research and rehabilitation center for marine wildlife. The facility cost \$56 million to build, much of it from restoration funds paid by Exxon Corp. after a court settlement.

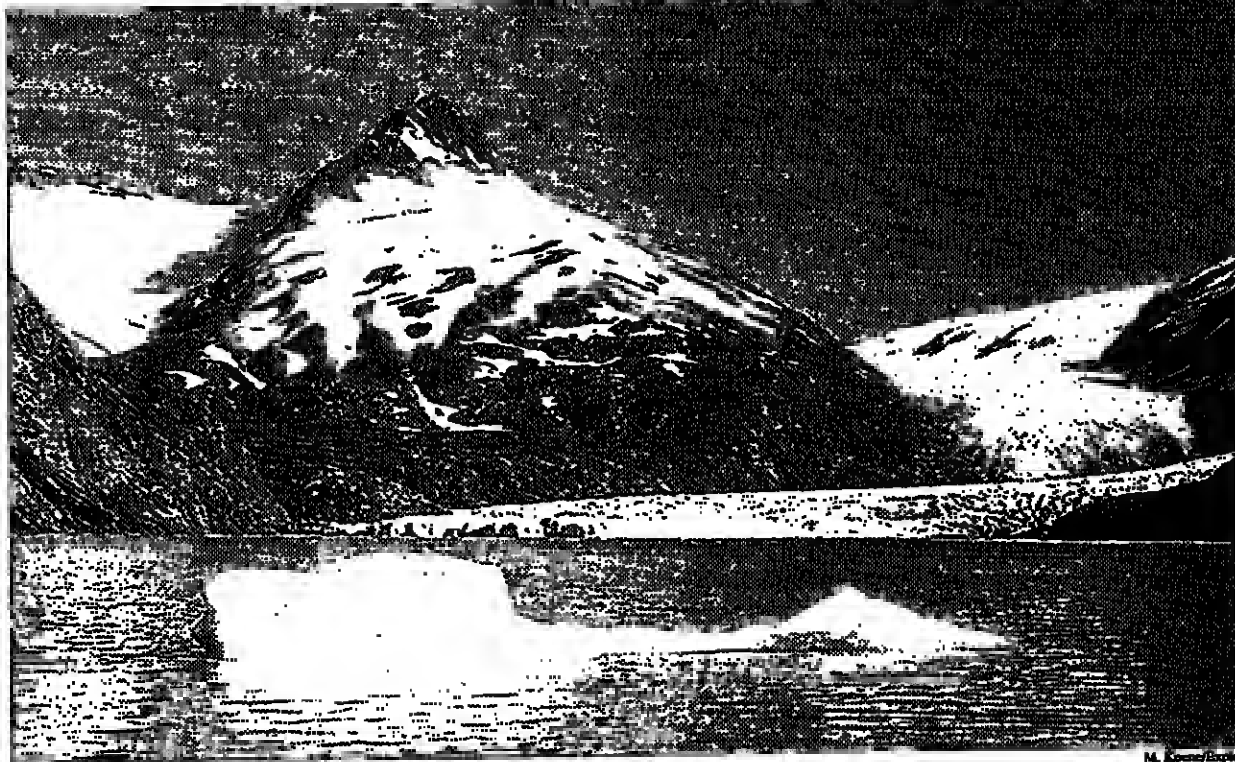
The center is a world-class hospital for marine mammals or bird in peril. But of equal import, for the visitor, it is an enormous window on the world of the north Pacific and all its inlets — a place to watch many of the odd wonders and daily habits of everything from king crabs to sea lions to salmon, which return to spawn in a little waterway just next to the center.

At the same time, Seward has become a bustling base for excursions by kayak, cruise ship or tour boat into Prince William Sound and the neighboring Kenai Fjords National Park. Ecotourism has brought unimagined prosperity to the town of 3,000 people.

A half-day at the sea life center watching sea otters fuss or puffins dive, followed by at least a half-day on the sound, observing those creatures in their larger habitat is enough to leave anyone with some understanding of why Jacques Cousteau could get so worked up over the most complex ecosystem on Earth. Seward is home port to what may be the world's largest halibut fleet, and Sewardites are crazed about the big, goofy-looking fish. Halibut charters still make up much of the town's lifeblood.

At the end of town, latched to rock at the base of mountains that rise steeply from shore, is the new sea life center.

Most aquariums and saltwater theme parks are set up for entertainment. Orcas frolic on cue, penguins waddle for fish and sea lions bark for their dinners. Not so at the sea life center. It is meant to



Tour boats based in Seward take visitors to see glaciers and other natural wonders off Alaska's Kenai Peninsula.

draw people into the natural world of the sea, to engage them in a way Disney has never attempted. Still, while eschewing theme park slick, the sea life center delivers its share of scientific exposition in an entertaining manner.

For example, consider halibut — an ugly fish that can weigh 500 pounds (220 kilograms) or more. It feels like a deuce at the end of a fishing line. The meat,

if fresh, is as good as lobster. A halibut, which is a flounder, has two eyes on one side, one eye on the other. One of the first tanks in the sea life center provides an answer for this anomaly: at a young age, a halibut starts to live on its side, at which point the eye facing down will migrate to join the eye facing out.

An entire room in the center is devoted to the oil spill. The exhibit tends to

stick with the facts, with minimal preachiness.

The immortal words of Joseph Hazelwood, captain of the Exxon Valdez, are highlighted: "We've fetched up hard against north of Goose Island off Bligh Reef, and evidently leaking some oil." The oil would contaminate more than 1,500 miles of shoreline, kill in excess of 250,000 seabirds, 2,000 sea otters.

300 harbor seals and 250 bald eagles. The sea otters have made a strong comeback, though their numbers are down considerably since the spill. From the center's outdoor deck you can usually see otters and perhaps even porpoises or even humpback whales.

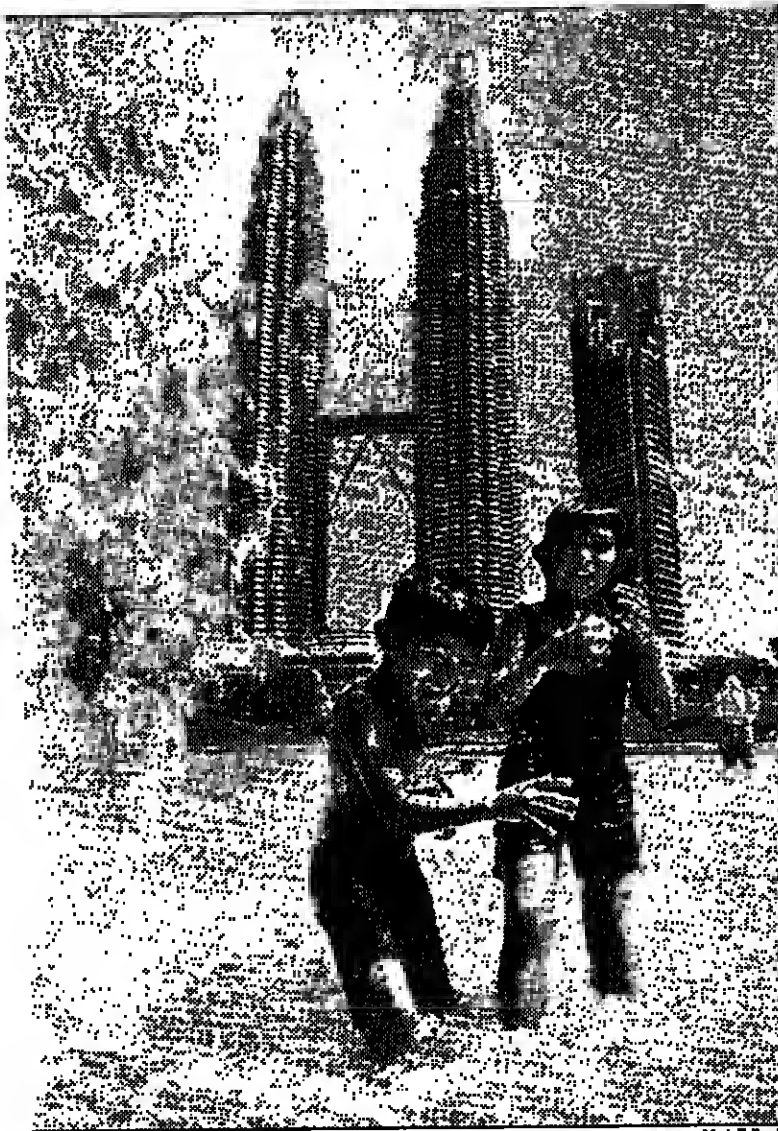
Inside, down below, are several large, glass-walled tanks with sea lions, harbor seals and a variety of birds.

**A REWARDING CRUISE** In the evening I took a cruise in search of sea life beyond Resurrection Bay. Most Seward-based tour boats head southwest, for up-close views of glaciers in Kenai Fjords National Park. We went the other way, to Prince William Sound. At Fox Island we stopped for a salmon bake inside a lodge on an island with no electricity.

Then the boat went beyond Cape Resurrection to islands packed with birds and animals. It was the time of year when Steller sea lions haul out on rocks for a mating ritual. We passed several rocks jutting from the sea, each a place of fierce and polygamous lovemaking. Steller sea lions are disappearing, though, and their status is so uncertain that the government has taken steps to place them under the protection of the Endangered Species Act.

The seabird rookeries were equally energetic. Colorful puffins dived among thousands of black-legged kittiwakes, murres, auklets and cormorants.

On the return to Seward, the high, glacier-bound peaks held the sun until nearly midnight. I saw black bears rambling through meadows, eagles everywhere, even a snow-white goat perched on a high cliff. We were followed into port by a pair of sea otters and by fishermen exhausted by a day of reeling in halibut. They were not crying.



Registers playing under the waterfall in the KLCC pool in Kuala Lumpur.

## Kuala Lumpur's New Park Making a Big Splash

By Thomas Fuller  
International Herald Tribune

**K**UALALUMPUR — No matter how people-friendly parks in the world's greatest cities have become, fountains and ting pools have largely remained main of ducks and crayfish. Bar the occasional student prank, the "wading pool" was never really to be taken seriously.

50 acres of a newly opened 20-hectare (50-acre) park in central Kuala Lumpur thought differently. In the "w" of the world's tallest buildings, Petronas Towers, they built a mullered waterfall and wading pool: visitors, mostly children, are eaged to splash around.

Designed by the late Brazilian architect Roberto Burle Marx, the park was meant to be a work of art, an ntly terraced series of lawns, paths es that complemented the city's -new, neighboring skyscrapers. ok the intervention of a mother of ids for the voice of the silent ty of park users to be heard. No Hussein, project manager of the ured the city's existing green

spots and interviewed kids and their mothers. What did they want in a park?

Noraishah brought her own children to playgrounds and watched as they fought to climb onto the limited number of swings. After finishing her market research, she made her suggestions to the park developer's board of directors. KLCC, which is open daily until 10 P.M., is unusual not only for its kids-friendly atmosphere but also because it exists. With few exceptions, Southeast Asian metropolises have sprouted gray in recent years: thanks to a decade of economic boom, where there was "green," concrete quickly followed.

The park was conceived after the owner of the land requested a permit to build a shopping mall, movie theater, offices and condominiums. The government gave the company permission but with the condition that they provide a large park as well.

Today, frenzied children chase each other up slides the wrong way while more obedient kids rock themselves on the dozens of swings. They are no doubt aware of the care that playground designers took in creating the park: different-sized ladders and games for differing age groups.

"When a family comes to a park you don't have kids that are all 3 years old," says Noraishah.

The playground's flooring is made of synthetic rubber to protect against the inevitable falls.

More important to the kids, however, is the fact that no one will ever blow a whistle at them as they romp around under the waterfall.

# Retracing the 'Great War' on the Isonzo Front

By Ruth Ellen Gruber

**G**ORIZIA, Italy — "Only the names of places had dignity," wrote Ernest Hemingway in his bitter ovel of World War I, "A Farewell to Arms." "Abstract words such as glory, honor, courage, or hallow were obscene beside the concrete names of the villages... the names of rivers."

"A Farewell to Arms" is set on the Isonzo Front in northeastern Italy. Here, between 1915 and 1917, millions of soldiers from Italy and the Austro-Hungarian Empire fought across a rugged landscape of limestone hills and mountains known as the Carso. More than half a million died, from wounds, disease and thirst, from horrific conditions in the trenches.

Today, 80 years after the end of World War I, the names of the battles and the sites where they took place along the turquoise course of the Isonzo River still resonate with surprising power.

"The hills around here are really bathed in blood," says Giuseppe Esposito, director of the Museum of the Great War in Gorizia, a bustling town on the border with Slovenia, where much of Hemingway's novel took place.

On a recent trip along the Isonzo, on both sides of the Italy-Slovenia frontier, I found the region studded with physical memories of the conflict. Remote valleys hide all but forgotten military graveyards; remains of trenches, fortifications and defense caves peek the hills. Memorial stones honor battles and individual soldiers, and grandiose ossuary monuments built by Italy's Fascist regime in the 1930s house the remains of scores of thousands of mostly nameless Italian soldiers.

Tying together monuments and memory is a network of museums that range from poignant collections of battlefield mementos paying emotional homage to the glorious fallen, to new institutions, such as the museum in Gorizia, that use modern methods to teach more objectively about the conflict, its origins and its effects.

A visit to World War I sites here provides a sobering view of what is still referred to in the region as "The Great War." It also offers vivid insights into how historic memory has been used over the decades to foster different visions of the nation, the state, patriotism and the war itself.

Italy entered World War I in 1915, declaring war on Austria-Hungary with the express aim of "redeeming" or reconquering borderland territory claimed by Italy but occupied for decades or even centuries by the Habsburgs.

Gorizia was one of the prizes. Its original World War I museum was, in fact, called the Museum of the Redemption. A collection of battlefield relics and mementos, whose main audience was veterans and the families of the fallen, it was more than a museum: It was a temple consecrated to the cult of the heroic dead.

"The objects preserved in this museum are sacred to the homeland," the museum's founder, Giovanni Cossar, said at its inauguration in 1924.

Italy's Fascist dictator, Benito Mussolini, who came to power in 1922, transformed the patriotic glorification of World War I dead into an ideological means of exalting the Fascist state and national might.

In the late 1930s, he ordered this to be carried out in architectural terms: The remains of Italian soldiers were removed from more than 300 scattered war cemeteries and reinterred in a series of imposing ossuary monuments, each built in aggressive Fascist style, across northern Italy.



An ossuary monument in Kobarid (Caporetto), Slovenia, site of an Italian retreat described by Hemingway.

I began my tour of the Isonzo Front war sites at Redipuglia, the biggest of these monuments, located not far from where the Isonzo empties into the Gulf of Trieste.

Housing the remains of more than 100,000 soldiers, 60,000 of whom are unknown, Redipuglia takes the form of gargantuan steps climbing a hillside, surmounted by three giant crosses recalling Calvary. Each step bears the word "Presente" — "Present," the soldiers answer to roll call.

A chapel and two exhibit rooms display weapons, medals, photographs, flags and other mementos that pay religious homage to the dead and their sacrifice to the nation. Across the street is a memorial park on the site of an earlier war cemetery: individual markers honor unknown soldiers with lofty

sentimental epitaphs: "What does my name matter to you?" reads one. "Cry to the wind Italian Infantryman and I will sleep contentedly."

Nearby lies a war cemetery for Austro-Hungarian soldiers, one of dozens that still dot the Carso region, most of them on the Slovenian side of the border.

From Redipuglia, I followed the Isonzo north, toward its source in the Julian Alps, and visited the battlefield of Monte San Michele, now arranged as a museum and open-air memorial park. I visited the series of tunnels and caves used as the Italian Army command headquarters and hiked across scorching barren hillsides where, reads an epitaph, "Italians and Hungarians, in valiant combat, became brothers in death." More than 110,000 Italian troops lost their lives fighting here.

In the little museum, one exhibit showed how wartime propagandists turned a photograph of a dead soldier into an image celebrating the ideal of a "beautiful death" for one's homeland. Thousands of copies of a postcard made from the photograph were sold to raise money for the war effort.

Continuing along the river to Gorizia, I visited the Museum of the Great War, established in its current form in 1990. It provides a balanced and well-arranged introduction to local wartime history. It uses a wide range of historical artifacts and explanatory material to trace the history and effects of the war and examines patriotic fervor in historical context.

A huge, Fascist-era ossuary monument overlooks Gorizia from nearby Osavia. The fortress-like structure in gleaming white stone holds the remains of 57,000 dead, more than 36,000 of them unknown soldiers. The names of the identified dead cover the entire surface of the curved interior walls; one name endlessly following the other in an immense pattern of loss.

Twenty miles north, I ended

my tour at Kobarid, where the Isonzo courses through the mountains of Slovenia. It is a town better known by its Italian name, Caporetto — where in October 1917 Austro-Hungarian forces, aided by the Germans, broke through Italian defenses, pushing back the front far into Italy and causing a mass retreat vividly described by Hemingway in "A Farewell to Arms."

**H**ERE, in a country born of the breakup of Yugoslavia, local people set up a museum similar to the one in Gorizia, whose aim is to preach peace. Its slogan is the title of Hemingway's novel, and a blow-up photo of the writer dominates one of its rooms.

"Ours is a museum that speaks against war," says Vojko Hobic, one of the museum's founders. "The guides who take people around always explain that all wars, all massacres are alike — they are the same as what happened in Bosnia, in Chechnya, and in other places. Who makes war? It's humanity."

Exhibits intermingle photographs from both the Italian and the Austro-Hungarian sides to show how the soldiers suffered identical harsh conditions in trenches and mountain fastnesses and suffered atrocious deaths in hand-to-hand combat over a few yards of barbed wire and rocky terrain.

Between World War I and World War II, Kobarid was in territory ruled by Italy. Italian Fascists held sway here with a heavy hand that suppressed local Slovenian culture and bred its own resentments.

Another Fascist-era ossuary overlooks the town. Mussolini attended its dedication in 1938. Its three concentric rings of arches encircle an old church with a sharply pointed steeple. The remains of more than 7,000 Italian soldiers are interred in arched niches faced with green stone.

The landscape between major sites is dotted with numerous battlefields and memorials. Maps, detailed guidebooks and itineraries are available at some major monuments and museums.

Ruth Ellen Gruber is working on a book about Jewish culture in non-Jewish contexts in Europe.



A monument to an unknown soldier.



## THE FREQUENT TRAVELER

## Executives at Leisure: Mixed Bag

By Roger Collis  
International Herald Tribune

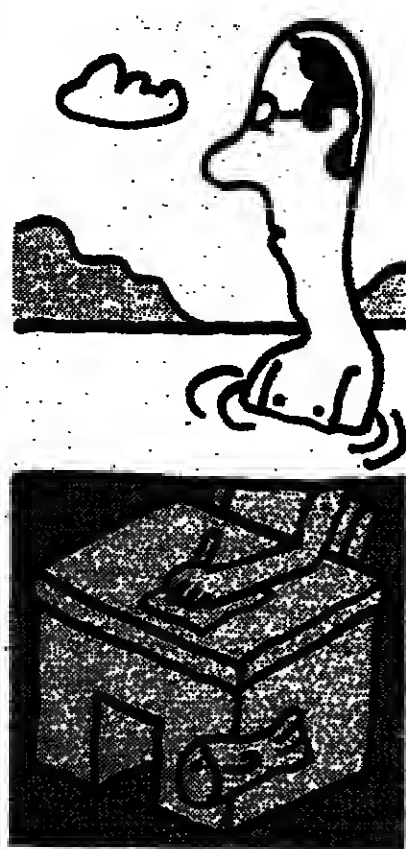
**C**ONSUMER research has many functions, such as finding a case for more research, to prove pretty well anything you want, simply to rediscover the obvious. What to look for in consumer surveys is an entertaining read with a few predictable insights.

Such is "Spreadsheets to Sunshines: Executives on Vacation," a survey conducted by Roper Starch Associates for Hyatt Hotels & Resorts of 622 American business executives during June and July 1998, ranging from CEOs and presidents to managers and sales representatives in medium and large companies. All had taken a vacation lasting at least five consecutive days in the previous 12 months. The average age of the respondents was 42, about evenly split between men (52 percent) and women (48 percent). They report, on average, household incomes of \$105,000.

Executives are ambivalent about vacations. While the majority say that annual holidays are "essential" to keeping their job performance up and maintaining a positive state of mind in the personal lives (68 percent) and at work (63 percent), half of those surveyed say they do not take all the vacation time owed them. This is especially true of men, 58 percent, versus 43 percent of women. But asked if they would take a 10 percent cut in pay for a two-week's vacation, 70 percent said they would take the break—especially executives.

Almost twice as many chief executives and senior managers say that they must forget about work long enough to enjoy themselves and that the good effects of a holiday are likely to last a shorter time, less than five days, than for everyone else (53 percent versus 42 percent of the total)—a problem they are with sales executives. One third of top executives say that work interferes with enjoyment. They are more likely than other groups to call a vacation (83 percent versus 75 percent) a "work" vacation, 70 percent versus 60 percent, and to spend six months working (67 percent versus 54 percent) and bring a laptop along (33 percent versus 24 percent). While executives overall enjoy cultural pursuits, physical activities in equal measure, a majority of those at the top (57 percent) enjoy sweating it out in physical activity and adventure sports.

Top executives may have come to us with work disrupting their vacations, but they are three times as likely to fight with their partners about working vacations than executives overall. When they are not working, arguing, checking in with the office, 70 percent of executives find time to romance with their partners. Women are more likely to say this—



Susan Goldschmidt/IFT

75 percent versus 67 percent of men. The most interesting thing about the study is its context: Europeans—especially the French—who simply take off for a month or more a year, should note that the standard vacation for Americans is two weeks, with perhaps three weeks after five years and four weeks after 10 years' service with the company, irrespective of status.

Thomas O'Toole, vice president of marketing at Hyatt Hotels & Resorts in Chicago, says: "What surprised me is that 70 percent of executives say they'd give up 10 percent of their salary for an extra week of vacation. But at the same time, they don't exercise the discipline to take all their vacation."

Three-quarters of people keep in touch with the office and half of them work while on vacation, which makes it more difficult to take the conventional two weeks, leading them to the practical necessity of shorter, more frequent breaks, often combined with business trips," he added.

Doesn't a lot of the stress, the imperative to stay in touch, come down to the enabling technology—the need, the expectation that you are wired at all times? "Yes, I think two circumstances are putting more stress on executives on vacation," O'Toole says. The first is technology; the second is the general insecurity of business careers.

"People are much more conscious of staying in touch with the office,"

O'Toole says. "The days when someone could leave the office for two weeks and not have a care in the world are long gone."

Like all self-respecting surveys, there are several psychological archetypes to choose from:

• **Office Lethargics**, who may be fun to flirt with in the office, often turn out to be bunnies on the beach. Lethargics, more likely to be men than women (53 percent versus 47 percent), are more likely than other executives to be stressed out (64 percent), irritable (60 percent) and bossy (59 percent) on vacation.

Four in 10 of Lethargics say they had "no good effects" from their last holiday—compared with only 12 percent of other respondents. And, despite their flirtatious ways, they are only marginally more likely to say they had more sex when on holiday.

• **Dreamboat Managers** are perfect colleagues—and even better bosses. They are more likely to be men than women (58 percent versus 42 percent), fun-loving and open-minded in the office. They bring their best traits on holiday, saying they are independent and less likely to be irritable (25 percent), intense (37 percent) or bossy (37 percent) than other executives.

• **Office Curmudgeons** are more unpredictable than Office Lethargics. Curmudgeons may be hell to work with, but they can be good fun on holiday. These self-described "irritable" executives are in fact "fun-loving" (96 percent) and "open-minded" on vacation—they like to drink a bit more than normal too. They are also less likely to be stressed out (29 percent versus 41 percent).

• **Thoughtful Individualists** are success-oriented people split evenly between men and women, tend to be older (25 percent are at least 50) and have the highest salaries (nearly half have household incomes of \$96,000). Individualists make the best holiday companions. Nearly all of them say they are "open-minded" and "laid-back."

**INDIVIDUALISTS** are more likely than other groups to prefer cultural to physical activities on vacation. They have the hardest time letting go of the office, and are those most likely to check their messages and take a laptop along.

I asked Mark Walker, a psychiatrist at Northwestern University Medical School, who is helping Hyatt interpret the survey, at his vacation home on Lake Michigan, whether other archetypes might be added—such as **Rabid Herdists** or **Terminal Paranoids**. "No, I don't think so," he replied, "but there are cross-categories."

"What really surprised me," Dr. Walker continues, "is that 60 percent of top executives are still working while they are on vacation, using technology to keep in touch. That is not the typical picture of a good vacation."

Fun and Frustration at Expo '98  
For the Young, It's Lisbon's Open-Air 'Nightclub'By Joseph Fitchett  
International Herald Tribune

**L**ISBON—For anyone thinking of going to the world fair in Lisbon, some special pleasures—and some pitfalls—have emerged as Expo '98 hits cruising sed, slightly more than midway to its closing on Sept. 30.

So far, attendance has been running low expectations (a pattern with world positions)—a disappointment for the organizers but good news for visitors cause fewer people means shorter lines in the broiling sun to get into popular exhibits. The runaway success at Expo '98 is popularity as Lisbon's most popular on-air nightclub. For young people, a fairground is a convivial, safe and comparatively cheap way to spend an evening. Rock concerts put in up 5,000 people, who pack into a performance area the size of a city block. Backed by an enormous video screen, performances are relayed to curious little squares lined with bars and restaurants evoking beaches or waterfalls of Morocco and California. Eden and the South Pacific—a party nation on the expo's theme of oceans mankind's future. This lively venue into action by 9 P.M., early for the night, and stays open until 3 A.M. and even later—5 A.M.—on day and Saturday nights.

Young people are also likely to make the best audiences for most of Expo '98's exhibits, notably the ocean-related displays at five major shows and at most national pavilions. The centerpiece, an aquarium said to be the world's largest single tank, shows the variety of ocean life with displays of exotic underwater habitats: the Antarctic, an Indian Ocean coral reef, the northern California coast and the Azores. Visually compelling, these glimpses of the seabed get only cursory explanations—on purpose, an official said, so visitors do not linger reading detailed texts.

The national pavilions offer an easy system of eyeball ratings, based on the length of the lines of people waiting to get in. On this score, the U.S. Pavilion comes off as one of the best, but the long lines are not as intimidating as elsewhere because TV monitors start the show outside while people are waiting. And the line moves quickly because the visit is quick. The highlights are a film of undersea volcanoes (narrated by a member of the Cousteau family who is presented as an American with a French accent) and an iceberg that is blackening daily from the pollution inside the pavilion.

Even so, the average wait is 20 minutes. That's short for the fair, but if the sun is blazing down, it can seem as grueling as Humphrey Bogart staggering through waterless desert in

"The Treasure of the Sierra Madre." Indeed, lines are the bane of this fair, which has no system of reservations. So sensible visitors target a handful of exhibits, then retreat to the restaurants and cafés—less romantic in daytime but an effective place to chill out.

For visitors who want a serious meal, the gastronomic highlight is a Portuguese restaurant, Nobre. Not easy to find, it is at the back of an entertainment complex billed, slightly bafflingly, as a "VIP area." Nobre occupies two stories: At water level, a tapas bar continuously restocks platters and wine barrels and customers spill out comfortably on the surrounding deck; upstairs the dining room is done in the Lisbon designer rage of starkly minimal planked wood paneling and brushed steel trim. The menu offers Portuguese classics such as cod done any of a dozen ways—along with the chef's signature dishes, notably spicy crab soup and grilled squid with ginger. A meal at Nobre runs about \$30 a person with wine, perhaps vino verde.

**L**ISBON visitors may need some guidance finding hotel rooms, which can be scarce these days. Some lucky travelers can get cabins on cruise ships, moored temporarily in the Tagus estuary as floating hotels. Comfortable and conveniently situated for the fair, the ships fit the nautical mood of the expo and underscore Portugal's personality as a country washed by the sea.

## THE NEGOTIATOR

Directed by F. Gary Gray. U.S.

Three cheers for "The Negotiator" for celebrating cops who shoot off at the mouth instead of from the hip. Two cheers for Samuel L. Jackson and Kevin Spacey, who, as sparring police hostage negotiators Danny Roman and Chris Sabian, bring considerable charisma and intelligence to their portrayals of cool cucumbers in a pickle. One cheer for the director, F. Gary Gray, who directs their tense showdown with enough restraint to keep it from becoming a bloodbath, wisely focusing on the psychological rather than the physical drama. Boo, hiss for the writers, James DeMonaco and Kevin Fox, whose story—about a framed police negotiator who becomes hostage taker in order to clear his name—ranges from dumb to average. Jackson plays Roman, a heroic Chicago cop who in a stellar career has talked down more deranged criminals than he has ever shot. When he is accused by the Internal Affairs Division of stealing from the police pension fund and murdering his partner, he hursts into L.A. headquarters and takes prisoner his chief accuser, Inspector Niebaum (J.T. Walsh), along with his old buddy Commander Frost (Ron Rifkin) and two innocent bystanders (Paul Giamatti and Siobhan Fallon). Never mind that Roman has stayed calmer in far worse situations, such as when he was standing at the receiving end of a shaky shotgun with the icy finger of an unbalanced former Marine at the trigger. And never mind that the material proof of his guilt is nonexistent (a gun with no prints) or circumstantial at best (bank statements for offshore accounts in his closet). Such quibbles really mar only the first 30 minutes of the film. After that, when Roman demands Sabian as the only negotiator he will talk to, the movie becomes a taut confrontation between two people who lie for a living. Not only do these two pros not know whether they can trust each other, but the police commandos poised to "breach" the building are suspect. The strategizing and counter-



Jackson (foreground), Bruce Beatty and Fallon in "The Negotiator."

strategizing of Roman and Sabian may never achieve the level of a chess game, but at least it's a rousing game of checkers. It's sometimes a little too obvious when one of them is bluffing, but that's more the fault of DeMonaco and Fox's script than of Jackson and Spacey, who bring palpable tension to what is essentially a flimsy, gimmicky plot. (Michael O'Sullivan, WP)

## LA VUELTA DE EL COYOTE

Directed by Mario Camus. Spain.

A Spanish pulp adventure series from the 1940s and 1950s, unabashedly inspired by "Zorro," is the basis for this campy film with a black-masked hero called "El Coyote." The leading man here is Jose Coronado, another Spanish heartthrob who does not have the international renown of Antonio Banderas, currently starring in "The Mask of Zorro." Both films are set in 19th-century California, but while Zorro

fights Spanish oppression, El Coyote takes up arms a bit later in the century, against cruel Americans. California joined the United States in 1850, and the plot's main villain is an American general who plans to steal haciendas from their rightful Hispanic owners, which include El Coyote's family. The film's charm is its attempt to re-create the style of the popular El Coyote pulp series, with grand pronouncements about pure good and pure evil, and scene changes that often look like a melodrama spoof. The endearing international cast includes the British actor Nigel Davenport as the big hacienda owner who criticizes his son for being a wimp without knowing that he is secretly the dashing, hot-blooded "El Coyote." The film does not have flashy sword fights like the current "Zorro" movie, but it shows that there is more than one way to tell a good adventure yarn. (Al Goodman, IHT)

## ARTS GUIDE

## BRITAIN

**LONDON**  
National Gallery, tel: (171) 747-2885, open daily, Continuing To Oct. 11: "Venice Through Canaletto's Eyes." The splendor of Venice's festivals, regattas and other ceremonies in the paintings and drawings of the 18th-century Italian artist.  
[www.nationalgallery.org.uk](http://www.nationalgallery.org.uk)

## CANADA

**OTTAWA**  
National Gallery of Canada, tel: (613) 990-1885, open daily. To Nov. 1: "Crossings." Works that reflect the impact of migrations, mass displacements and territorial rearrangements on contemporary artists, most of them living away from their place of origin.  
[www.nationalgallery.ca](http://www.nationalgallery.ca)

## FRANCE

**PARIS**  
Louvre, tel: 01-40-20-51-51, closed Tuesdays. Continuing To Sept. 21: "L'Apparence des Cieux: Astronomie et Astrologie en Terre d'Islam." Objects that were used by the Arabs between the 10th and 18th centuries to explore the sky.  
<http://www.musee-louvre.fr>  
Musée Zadkine, tel: 01-43-28-91-90, closed Mondays and holidays. To Oct. 11: "Jardin d'Artiste: De Memoirs d'Arbre." Brings together paintings, sculptures and works on paper by Mondrian, Klee, Beuys and many others, that use trees as their main motif.  
[www.kyohaku.go.jp](http://www.kyohaku.go.jp)

## GERMANY

**BERLIN**  
Neue Nationalgalerie, tel: (30) 266-2658, closed Mondays. To Oct. 11: "Lyonel Feininger: From Gelmoroda to Manhattan." Born in 1871 in New York, Feininger spent 50 years in Germany but returned to America when he was branded a "degenerate" artist by the Nazis. In the 1930s, he had developed his own approach to Cubism; in spite of predominant architectural and marine motifs, he repeatedly produced grotesque figures. After he returned to Manhattan, skyscrapers became his favorite theme.

## ITALY

**VENICE**  
Palazzo Fortuny, tel: (41) 715-557, closed Mondays. Continuing To Sept. 20: "Venezia Novemcento: Reale Fotografia Giocometrica." From the Studio Giacomelli archives, 250 photographs portraying Venice in the first half of the 20th century, its ordinary people and its establishment; its industrial areas and the public works that transformed it.



Bronze horse flying in a Chinese art exhibition in Seoul.

## JAPAN

**KYOTO**  
Kyoto National Museum, tel: (75) 541-1151, closed Mondays. To Sept. 20: "Muromachi to Edo Period Mirrors." More than 400 bronze hand mirrors. Their patterns and motifs reflect the increasingly complex techniques of production, as well as the influences from China and Korea, and the changing tastes of the Japanese from the 15th century to the end of the 19th century.  
[www.kyohaku.go.jp](http://www.kyohaku.go.jp)

## SOUTH KOREA

**SEOUL**  
Building 63, tel: (2) 789-5563. To Sept. 8: "The Grand Chinese Cultural Exhibition Encore." Approximately 500 items spanning 5,000 years of Chinese art and culture: paintings, ceramics, lacquer works, Tang and Song porcelain, embroidery and calligraphy.

## SPAIN

**BILBAO**  
Museo de Bellas Artes, tel: (94) 424-2799, closed Mondays. To Sept. 27: "Bernardo Bellotto en Oradea." Features works created by the Italian landscape artist during his stay in Oradea between 1747 and 1787 as a painter to the electoral court.

## SWITZERLAND

**LUGANO**  
Museo Cantonale d'Arte, tel: (91) 910-4780, closed Mondays. To Nov. 1: "Invenire Sublimi: Viaggi d'Artista tra il 1750 e il 1850." Works by artists, such as Turner, who traveled through the Swiss canton of Ticino.

**MARTIGNY**  
Fondation Pierre Gianadda, tel: (027) 722-38-76, open daily. Continuing To Nov. 22: "Paul Gauguin, 1848-1903." More than 100 lesser known paintings, works on paper and woodcuts by the French artist.

## UNITED STATES

**NEW YORK**  
Museum of Modern Art, tel: (212) 708-9400, closed Wednesdays. To Oct. 13: "Bonnard." Landscapes, still lifes, interiors, self-portraits and the celebrated bath paintings of his enigmatic wife by the French painter (1867-1947).  
New York Historical Society, tel: (212) 673-3400, closed Mondays. To Oct. 25: "William Sidney Mount: Painter of American Life." Paintings and works on paper taking their subjects from contemporary rural life by Mount (1807-1888), painter of American genre scenes.

**SAN FRANCISCO**  
M.H. de Young Memorial Museum, tel: (415) 863-3330, closed Mondays and Tuesdays. To Oct. 11: "The Wealth of the Thracians." More than 200 gold and silver vessels, weapons and ornaments on loan from Bulgarian museums. The objects, excavated in 1966,

document Thracian incursions in Europe and Asia during the second and first millennia B.C.  
[www.thinker.org](http://www.thinker.org)

## CLOSING SOON

**AMERICAN**  
Aug. 16: "Mark Rothko." National Gallery of Art, Washington.  
[www.nga.gov](http://www.nga.gov)  
Aug. 16: "Richard Diebenkorn." Phillips Collection, Washington.

**ASIA**  
Aug. 15: "Brett Weston and American Photographers." National Film Center, Tokyo.  
Aug. 16: "Paintings by Zheleng Artists of the Ming and Qing Dynasties." Asian Civilisations Museum, Singapore.  
[www.museum.org.sg/bcm](http://www.museum.org.sg/bcm)

**EUROPE**  
Aug. 16: "Summer Exhibition." Royal Academy of Arts, London.  
[www.royalacademy.org.uk](http://www.royalacademy.org.uk)  
Aug. 16: "Sophie Calle: The Birthday Ceremony." Tate Gallery, London.  
[www.tate.org.uk](http://www.tate.org.uk)  
Aug. 16: "Disasters of War." Whitworth Art Gallery, Manchester.  
Aug. 16: "The Warhol Look/Glamour Style Fashion." Barbican Art Gallery, London.  
[www.barbican.org.uk](http://www.barbican.org.uk)  
Aug. 16: "Pablo Picasso and Seine Sammlung." Kunsthalle der Hypo-Kulturstiftung, Munich.

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## INTERNATIONAL

# Priorities Set, Ambassador Was Rebuffed on New Nairobi Building

By Thomas W. Lippman  
Washington Post Service

WASHINGTON — Security weaknesses at the U.S. Embassy in Nairobi so concerned Ambassador Prudence Bushnell that she twice asked for a new building — in December and again in May — but was rebuffed both times.

After repeated analyses, the State Department concluded that the Nairobi embassy, while not up to current security standards, was in compliance with "the standards for the threat level" perceived for that post, Assistant Secretary of State

Patrick Kennedy said Wednesday.

Given the urgent need for embassy construction elsewhere, in the former Soviet Union and in countries that have recently moved their capitals, such as Germany and Nigeria, replacement of the Nairobi building could not be put at the top of the list, Mr. Kennedy said.

"I've been a Foreign Service officer for 25 years," said Mr. Kennedy, his voice breaking with emotion as he briefed reporters. "The fact is, we did the very best we could, given what we had."

"We set priorities," he said. "No one has all the money to meet all the needs all

at the same time." Even if the department had approved Ambassador Bushnell's recommendation, the decision would not have prevented the lethal bombing last Friday that killed 12 Americans and 235 Kenyans because it would have taken several years to find a site, obtain funding from Congress and design and build a new embassy, administration officials said.

According to Mr. Kennedy, who until Tuesday was acting assistant secretary for diplomatic security in addition to his duties as assistant secretary for administration, the department has been analyzing security problems at the Nairobi

embassy since 1994 and making what improvements it could afford.

Additional improvements had been scheduled later this year, he said, but he added that it was unlikely that these changes would have prevented or mitigated the effects of the truck bomb that ripped the embassy apart last week.

He said that Ambassador Bushnell, a career Foreign Service officer, was apparently not motivated by any specific threat or incident when she submitted the request for a replacement building. The request went first through regular channels and then, in May, directly to Secretary of State Madeleine Albright — an appeal that Mrs. Albright did not mention when she was asked about the bombing in a televised interview Sunday.

Mr. Kennedy said the department agreed with Ambassador Bushnell that simply by virtue of being situated directly along a major street, at a busy intersection, the embassy fell short of

current security standards, which call for 100-foot setbacks. "We have setback problems all over the world," he said, noting that embassies in several capitals, from Rome to Hanoi, are on major thoroughfares.

When Ambassador Bushnell recommended the construction of a new building, Mr. Kennedy said, her request was taken up in the department's annual review of embassy and consulate construction priorities.

That review, he said, considers such issues as the level of protection compared to the perceived threat, the ability of embassy employees to do their jobs in the existing building, "foreign policy concerns" and the availability of money.

In May, Ambassador Bushnell communicated with the secretary and with Undersecretary Cohen, Mr. Kennedy said, referring to Bonnie Cohen, undersecretary for management. "She indicated that constraints were endangering embassy personnel" and renewed

her appeal for a new embassy. But Ms. Cohen responded that Nairobi remained "ranked low in relative priority compared to the needs of other embassies," Mr. Kennedy said. Ambassador Bushnell, who has remained in Nairobi, could not be reached for comment.

President Bill Clinton has directed his senior national security and law enforcement advisers to draft a package of embassy security improvements, building modifications and possible revisions of U.S. law that can be presented to Congress next month, administration officials said.

The president said he was committed to replacing the embassies in Nairobi and Dar es Salaam, Tanzania, which were both rendered unusable by the current bombing attacks on Friday.

Key members of Congress have signaled the White House that they would be receptive to such a request.

## Vehicle Parts in Nairobi Blast Found

By Stephen Buckley and T.R. Reid  
Washington Post Service

NAIROBI — Investigators have discovered parts of a vehicle they believe contained the explosives that killed 247 people in the bombing of the U.S. Embassy here last Friday morning, an FBI official said Thursday.

"We have been able to successfully identify certain parts of the vehicle, yes," Sheila Horan, the lead investigator in the probe to find who committed the bombing, told reporters at a news conference.

Ms. Horan declined to provide more information about the vehicle, but embassy security guards and others who witnessed the attack have described it as a 3.5-ton Mitsubishi truck. Other witnesses have described a small pickup truck.

Ms. Horan also would not say whether investigators had found the vehicle's engine, as reported by a local television station.

The bomb contained in the vehicle killed 247 people, including 12 Americans, and injured some 5,000 others. A near-simultaneous explosion at the U.S. Embassy in Dar es Salaam, Tanzania, killed 10 people.

Ms. Horan declined to give many specifics about the investigation of the deadliest attack on a U.S. embassy.

She did say FBI agents, along with Kenyan police, were now fully engaged in the process of doing "massive amounts of interviews." They are interviewing people injured in the bombing, citizens who have called with information, and people who live and work near the U.S. Embassy.

In addition, she said, agents also "are literally sifting through tremendous piles of debris" from the blast, which leveled the five-story Ufundi House office building next to the embassy.

Ms. Horan repeatedly emphasized

that the investigation involved full cooperation between the FBI and the Kenyan police. She was joined at the news conference by Peter Mburu, deputy director of Kenya's Criminal Investigations Division. She also noted that each FBI agent is teamed with a Kenyan counterpart in the investigation.

Mr. Mburu told reporters that Kenyans were questioning five people in connection with the bombing. He said police had taken them in over the past few days and decided to hold them for "suspicious activities." He declined to disclose their nationalities.

In Dar es Salaam, the chief U.S. diplomat in Tanzania confirmed that officials were still searching for a missing

**'We have been able to successfully identify certain parts of the vehicle, yes.'**

embassy employee who had regular access to the water tank truck on which the bomb was evidently hidden.

"As far as I know, the assistant to the driver of the truck is not accounted for," said Chargé d'Affaires John Lange. "His body has not been found."

**■ Clinton Leads Memorial Service**

In a somber scene, the bodies of 10 Americans killed in the U.S. Embassy bombings in Africa returned home Thursday to a tearful welcome. The Associated Press reported from Andrews Air Force Base, Maryland. "We must honor the memory of those we mourn today by pressing the cause of freedom and justice for which they lived," President Bill Clinton said.

guards share with motor pool dispatchers and anyone else with a walkie-talkie.

While he was talking, Mr. Bwaku heard a second explosion, this one between him and Haile Selassie Avenue. A third guard, Jomo Matiko Boke, was standing near the road.

Mr. Boke said Wednesday that as the smaller devices exploded, the driver of the truck — who had remained behind the wheel — began firing a pistol toward the embassy. He remembered shouting, "Benson! Danger! Danger! Bomb! Bomb!" before fleeing.

Benson Bwaku now dashed in the same direction he had begun. Turning left at the corner of the embassy, he was halfway to the embassy's side when the truck exploded. Mr. Bwaku said he was trying both to get away and to reach Post One. "I was trying to save my life and other people's lives," he said.

Both were tried on charges of defa-

amation filed by the state carrier Air Gabon and Ren Morvan, the chief executive, following an article in the weekly. There were no details of the case. (Reuters)

**Peru Details Claim Of Ecuador Incursion**

LIMA — Details of an alleged Ecuadorian incursion in Peru have emerged, including claims that 300 Ecuadorian troops were encroaching over the border on which the nations fought a brief 1995 war, military sources said.

The information, cited from the Peruvian foreign minister Eduardo Ferrero's address to a closed Congressional session Tuesday, hardened Lima's accusations of the incursion amid the Andean neighbors' worst standoff since the 1995 war.

Ecuadorian units of up to 20 soldiers were patrolling an area in remote, mountainous jungle just inside Peru along 11 kilometers (seven miles) of the disputed border, the sources quoted Mr. Ferrero as saying.

Ecuador has denied that its troops are inside Peru south of a demilitarized zone that is in place while the two sides hammer out a final peace accord. (Reuters)

**Kidnapping Threat In Mexico Is Daily**

MEXICO CITY — An average of one kidnapping, three rapes and 112 thefts occurred in Mexico City each day in the first half of 1998, Mexican media reported Wednesday.

The number of reported rapes increased by 14 percent between the first and second quarters, while robberies were down by 7 percent in the same period, according to a report issued by Mexico City police. (AP)

## ATTACK: 'Base! Base! Terrorism! Terrorism!' the Embassy Security Guard Screamed

Continued from Page 1

were to allow only approved vehicles into the compound.

The guard fled in the only direction he could — out of the box canyon formed by the embassy, the high rise and the Ufundi Cooperative Building between them, toward Haile Selassie Avenue.

Behind him, a fellow guard, Joash Okindo, had done what he was supposed to do: lock a set of heavy steel gates.

Mr. Bwaku sprinted a short distance, stopped, glanced back and shouted into his walkie-talkie: "Base! Base! Terrorism! Terrorism!"

He said he believes the message did not reach the U.S. Marine stationed in the bulletproof Post One, the reception and guard station in the embassy's lobby. "There was too much other communication" on the frequency embassy

guards share with motor pool dispatchers

and anyone else with a walkie-talkie.

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## Iran Deputies Seek To Raise Voting Age

TEHRAN — The Iranian Parliament wants to raise the national voting age from 16 to 18 in the latest struggle between the conservative legislature and the reformist President Mohammad Khatami.

Sixteen-year-olds "don't have enough political culture," said one official, referring to the youth vote that was decisive in the surprise victory of Mr. Khatami in the presidential election last year.

The move to raise the voting age comes just before two important Iranian elections.

Interior Minister Abdolvahed Mousavi-Lari, a close ally of Mr. Khatami, said last week that Iran would conduct its first-ever elections for the so-called Islamic councils.

The local councils, designed to give voters more authority over their local areas, are provided for in the constitution but have never been created.

The second election, scheduled for October, is for the Assembly of Experts, the political and religious body that has the authority to designate and remove the spiritual guide of the Islamic Republic. (AFP)

**Publisher of Satire Is Jailed in Gabon**

LIBREVILLE, Gabon — A court in Gabon sentenced the publisher of a local satirical weekly to eight months in prison and fined him 2 million CFA francs (\$3,000) after finding him guilty of defamation, the official daily L'Union reported Thursday.

Michel Ogoundou Loundah, publisher of La Griffe, and Pulchre Beaulieu, a journalist, were also ordered to pay 3 million CFA francs in damages in the judgment handed down Wednesday in Libreville.



Estelle Sapir, a Holocaust survivor, thanking Christoph Meili in New York.

## Praise for Swiss Whistle-Blower

Agence France-Presse

GENEVA — When Senator Alfonso D'Amato of New York hailed the historic accord between the Swiss banks and Jewish groups over Holocaust-era accounts, a young Swiss man stood by his side.

Christoph Meili, perhaps the world's most famous night watchman, said Wednesday in New York that he was proud to

have played a part in the long dispute over Jewish accounts that effectively put Switzerland on trial.

The finale was a \$1.25 billion deal sealed in New York between United Bank of Switzerland, Credit Suisse and U.S. Holocaust survivors.

Mr. D'Amato, the Republican chairman of the Senate Banking Commission, said that Mr. Meili had been an inspiration and that no accord would have been possible without his help.

In January 1997, when the battle over Jewish-owned dormant accounts and Swiss purchases of looted Nazi gold was at its zenith, Mr. Meili was fired as night watchman by the security company that had hired him. Mr. Meili was charged with violating Swiss bank secrecy laws by handing over to Jewish organizations in Zurich Nazi-era documents from the archives of Union Bank of Switzerland that he had saved from the shredders while on guard.

Many Swiss considered Mr. Meili to be a traitor to his country. He was also described as being a religious firebrand. Mr. Meili himself said that he had received numerous threats against his life and that of his wife and two children.

That July, fearing for his safety, he left Switzerland and arrived in the United States to a hero's welcome.

## SUSPECT: U.S. Seeks Renegade Saudi

Continued from Page 1

Middle Eastern affairs at the Congressional Research Service, said Mr. bin Laden clearly has the money and the strength to have orchestrated the East African embassy bombings.

"Bin Laden is considered to be one who carries through with his threats, and these were bold threats," Mr. Karzman said.

Harvey Kushner, a professor at Long Island University who has been studying global terrorism for 30 years, said there was logic in assuming that Mr. bin Laden was involved in the East Africa bombings on some level. He cited his critical role worldwide in financing terrorist activists, now that state sponsorship of terrorism is thought to be on the wane.

"If you don't have Libya as a player, and you don't have Syria and the Soviets supporting terrorists, a guy like bin Laden who is willing to finance this stuff becomes very important," Mr. Kushner said.

In that role, he said, Mr. bin Laden also personifies the new face of "transnational" terrorism, a world in which rapidly shifting alliances may involve terrorists of numerous nationalities operating all over the globe.

Mr. bin Laden is a one-man case study of the trend: He is a Saudi fundamentalist who, like hundreds of young Saudis, joined the Afghan resistance against the invading Soviet Union when he was 19 and never returned to Saudi Arabia to take his place in the family construction company run by more than a dozen of his brothers, who have disavowed his actions.

The Saudi government revoked his citizenship in 1994.

The U.S. government's campaign against Mr. bin Laden dates to 1991 when he arrived in Sudan after the end of the Afghan conflict, during which he earned a legendary reputation both for physical bravery and reliable construction equipment, according to one U.S. government source.

When Sudan finally complied with American demands to expel him in 1996, after the country was placed on the State Department's list of countries supporting terrorism in part for harboring him, Mr. bin Laden fled to Afghanistan.

Said one senior U.S. intelligence official: "He's the best-known terrorist since Carlos the Jackal. He's high on everyone's list of bad guys."

Kenneth Katzman, a senior analyst on

## ACCORD: A Swiss-Jewish Deal

Continued from Page 1

voiced apprehension about buckling under foreign pressure.

"This is an extraordinarily big sum," said Franz Steinegger, president of the Radical Democrats.

He steadfastly opposed spending taxpayer money to finance a settlement with Holocaust victims and had urged the banks to await the final results of banking audit and a historical review.

"It is also disturbing, of course, the combination of class-action lawsuits and extortionary acts by U.S. states, which is not only illegal but also questionable legally and politically," he said on Swiss radio.

Neue Zürcher Zeitung, the nation's most influential newspaper, said the accord may be very hard to digest for many Swiss who have become exasperated with seeing their prosperous nation transformed into something of a pariah.

"It will be difficult to explain to Swiss citizens why one is yielding to blackmail," the newspaper said in an editorial.

"For them, honor and dignity are values on which you cannot place a price and they could have the impression that the big banks' action will be seen as an admission of guilt."

But others voiced relief that establishing a generous compensation fund and settling the boycott issue with United States might accelerate the drive to resolve all of the murky questions about Switzerland's wartime past.

"We have to come to grips with history," said Ursula Koch, president of the Socialists. "That means looking the most painful issues of the war era, like why we turned away so many thousands of Jews at our borders, even though we knew they would face certain death."

**■ Benefits for Swiss Banks**

John M. Goshko of The Washington Post reported earlier from New York.

The agreement, settling a class action lawsuit out of court, is intended primarily to provide a lump sum payment of funds that were deposited in Swiss banks by Jews, most of whom later died in death camps.

After the war, those who survived heirs of those who died found that banks insisted on keeping these funds because the claimants lacked documentation to verify the ownership of accounts.

The settlement funds are to be paid over three years, with the first installment of \$250 million to be paid 90 days after Judge Edward Korman of U.S. District Court in Brooklyn formally proves the agreement.

Judge Korman has been presiding over the class action suit. Subsequent payments, of \$333 million each, will be made on the first, second and third anniversaries of Judge Korman's approval.

The agreement, reached after months of acrimonious negotiation, also provides for dismissal of a separate suit against the Swiss central bank, forcing the banks from future lawsuits over returned assets and calls for an end to threats of sanctions against the banks' American states and municipalities.

The threat of sanctions has been widely regarded as a major factor inducing the banks to settle.

"I hope this agreement will allow us to turn to the future," Sen. Alfonse D'Amato, Republican of New York, said as he announced the accord. The Federal Courthouse in Brooklyn called it a historic agreement.

Senator D'Amato presided over Senate hearings two years ago that exposed in detail the five-decade refusal of Swiss banks to turn over the funds, as well as the banks' wartime dealings with Nazi Germany.

Those hearings set in motion the chain of events that culminated in the settlement.

Originally, the suit was directed against three banks: Credit Suisse, Union Bank of Switzerland and Swiss Bank Corp. But Union Bank and Swiss Bank Corp. merged earlier this year to create the world's second-biggest bank, and the merged entity — UBS AG — has assumed the liabilities of its two predecessors.

Over the past two years, frequent differences have arisen among the parties involved in the negotiations.

For example, the U.S. government argued that it believed the banks and Swiss government were making a good faith effort to resolve the situation.

It strongly opposed a drive, organized by the New York City comptroller, Alvin G. Hevesi, to impose local and state sanctions to step-up pressure on the Swiss.



## Farmers in Europe Turn To Tourism for Survival

### EU Nations Put \$2 Billion in Agritourism

By John Tagliabue  
New York Times Service

TACHING, Germany — When Martin Thaller's grandfather worked the family's 75-acre farm here in the Bavarian hills near Austria, five farmhands milked cows and tended the horses. On a recent day, as he struggled to free a heifer stranded on a railing, Mr. Thaller's only helper was a young government archivist from the Rhineland, hundreds of miles west, who was vacationing on the farm.

Farmers like Mr. Thaller who double as innkeepers to paying guests — who merely want to relax or, like the archivist, also want to learn a little farming — are rural Europe's answer to a growing challenge.

As prices for farm products dwindle, and with them rural incomes, European farmers are redesigning their farms to take in tourists, a practice known as agritourism, and governments are helping them do so. By rough estimate, the 15 European Union countries have spent \$2 billion since 1991 to subsidize such programs.

Europe trends a narrow path, however, facing objections from trade partners like the United States that it risks violating global agreements to stop farm aid, and complaints from the European hotel industry that it unfairly subsidizes competition when it pays farmers grants to create accommodation for guests. But

government leaders argue that without adequate income, farmers will quit the land for the cities, threatening farms and villages that form an architectural heritage stretching back centuries.

"Our Bavarian lands will suffer without a farming class," says a sticker that Mr. Thaller, 34, has fixed to equipment in a barn his ancestors built in 1848.

Moreover, Europe's leaders say they must keep the rural population in touch with an urban society that is rapidly changing through technology and globalization, or there will very likely be greater dislocation in the countryside as young country people find themselves even less prepared for jobs than they are today.

When Umberto Lenzi's grandfather bought the family's 600-acre (240-hectare) farm in the Tuscany region of central Italy in 1939, dozens of sharecroppers and their families toiled in the fields. Today, Mr. Lenzi advertises the charms of his farm on a World Wide Web site.

Europeans, drawn by modest room rates and seeking refuge from noisy cities, are arriving in droves.

"We just felt a need to get away from the noise of the television set," said Nicola Decaro, 40, a city employee from Apulia, in southern Italy, who spent a week recently with his wife and two daughters at Mr. Lenzi's farm. Increasingly, advertising and the Web site are also drawing guests from the United States and Australia, Mr. Lenzi said.

Keeping farmers on the land is the goal



Umberto Lenzi uses the World Wide Web to attract vacationers to the Tuscany farm his grandfather bought in 1939. Europeans, drawn by modest room rates and seeking refuge from noisy cities, are turning up in droves.

of European political leaders searching for ways to halt unfettered urban development. Besides, they say, Europe's commitment to eliminate farm price supports requires that rural communities find new sources of income, like tourism.

A populated countryside, they also argue, protects picturesque landscapes

that attract tourists and produces distinctive products, like wines and cheeses, that swell European food exports. The golden wheat fields around Mr. Lenzi's farm are, after all, virtually identical to those in 15th-century paintings that attract countless tourists to the churches and town hall of nearby Siena.

Agritourism began in the 1960s in northern Europe, where rural traditions of taking in summer guests go back to the 19th century. Today, it blankets the continent. And Europe's model is copied elsewhere. In Israel, for ex-

See FARMS, Page 17

## GM Strike Hurts U.S. Retail Sales

### Outside of Cars, Results Show That Consumers Remain Ready to Spend

Compiled by Our Staff From Dispatches

WASHINGTON — A slump in auto sales in July, reflecting the General Motors Corp. strike, produced the biggest decline in U.S. retail sales in 15 months. Outside of autos, sales were about average.

Sales fell 0.4 percent from the month before, to a seasonally adjusted \$224.7 billion, after rising just 0.1 percent in June, the Commerce Department said Thursday. But the drop was not as steep as economists expected.

Auto sales dropped 3 percent, to \$59 billion, also the biggest decrease since April 1997. Excluding autos, July retail sales rose 0.5 percent from June.

"In general what you have is a situation where consumers have the money to spend and are more than glad to spend it," said Joel Naroff, chief bank economist at First Union Corp. in Philadelphia. "Given that prices are rising so slowly, these are really, really strong consumption numbers."

The GM strike ended late in July, not in time to prevent a 9 percent sales slump for the company, compared with the previous July. For the first time in 28 years, Ford sold more cars than GM in a month.

"July retail sales were hurt more by a lack of product than the absence of consumer buying enthusiasm," said Ken Mayland, chief economist at KeyCorp in Cleveland.

Meanwhile, the Labor Department said Thursday that the number of Americans filing first-time applications for unemployment benefits slipped by 7,000 last week, to a seasonally adjusted 301,000. At the height of the GM strike, the figure had been as high as 394,000 for several weeks.

The decline last week, after the strikers had gone back to work, illustrated the economy's resilience in the face of reduced export sales and cramped corporate profits, reflecting the Asian economic slump.

"The labor market has a lot of vitality," said Cary Leachey, chief U.S. economist at High Frequency Economics Ltd. in Wallingford, Conn.

Consumers have continued spending briskly because jobs remain plentiful and income is rising and because, even with recent drops, stock portfolios reflect large accumulated gains.

In July, except for autos, sales of big-ticket durable goods thrived. Furniture stores reported a 1.2 percent increase and building-supply and hardware stores a 1.1 percent gain.

Sales rose 0.7 percent at clothing shops, 0.6 percent at drug stores, 0.4 percent at gas stations, 0.3 percent at food stores and 0.2 percent at department stores. They fell 0.4 percent at restaurants and bars. (AP, Bloomberg)

See SUMMER, Page 17

## WALL STREET WATCH

## Smaller Players Stick With Equities as the Pros Get Nervous

By David Barboza  
New York Times Service

NEW YORK — Tuesday was the fifth busiest stock trading day on record and came after a week that had the second- and third-heaviest trading days. This surge in activity raises a question: Who is moving the market this summer?

The answer: institutional investors, the same powerful group that sold aggressively last October, when the Dow Jones industrial average tumbled 554 points, or 7.2 percent, in a single day. And the same

big-time players who have soured repeatedly on the bull market, only to jump back in later, after smaller investors have quickly affirmed their faith.

"The institutions are busy — they're real busy, there's no question about it," said Bill Allyn, director of listed trading at Jefferies & Co. in New York, which handles large institutional trades. "There's a lot of blood being spilled."

At the same time, small individual investors have continued to open new brokerage accounts and to buy beaten-down shares, according to executives at

mutual-fund companies, discount brokerage firms and market analysts.

So this summer, when investors might be expected to be lonelier on a beach somewhere, professional traders and portfolio managers are selling aggressively, presumably on fears about slowing profit growth at home and economic turmoil in Asia.

They are also shaking up their portfolios, trying to find ways to beat the leading stock indexes, and engaging in huge program trades, which are growing as a percentage of all trades, according to the New York Stock Exchange.

In fact, in recent weeks computer-driven program trades, which consist of stocks worth \$1 million or more, have accounted for nearly 18 percent of Big Board volume, up from 10.7 percent just eight years ago.

But while that explains why volume is so heavy this summer, a bigger drop may have been averted because a huge majority of smaller investors have apparently not yet jumped onto the frenzied selling bandwagon by aggressively redeeming shares of mutual funds.

Of course, reliable statistics about trading activity are inexact and difficult

to come by because the identity of most trading is largely secret. But there is a trickle of information that exists about who is trading, and it suggests that institutions (hedge funds, mutual-fund companies and brokerage houses) have done the bulk of the selling for the last few weeks.

Small individual investors, while also jittery about corporate earnings and the Asian economic crisis, have been holding steady, just as they did last October.

"The great majority of small investors have done nothing," said Tracy Gordon, a spokeswoman for Charles Schwab & Co., one of the largest discount brokerage firms in the United States. "They stick to the market like Velcro."

Concern among smaller investors has certainly been heightened this summer because of market volatility. But brokerage firms say that investors are showing few signs of panic.

"We've seen a lot more rational behavior than we've seen in the past," said Kathy Levinson, chief operating officer of E-trade, a fast-growing on-line brokerage firm. "So while the market has been going down, people have not been panicking."

The idea that institutional investors have been less bullish in these last few weeks is borne out in a study conducted this week by Birinyi Associates, a market research firm in Greenwich, Conn. From July 24 through Tuesday, large institutions were more aggressive sellers of stocks than smaller investors, according to a study of stock money flows into the New York Stock Exchange.

Analysts at Birinyi Associates studied this by tracking large block trades — those of 10,000 shares or more — against smaller trades of fewer than 10,000 shares, which include, for example, an investor's purchase of 100 shares of IBM. Through Tuesday, the study showed, retail trades created about \$731 million in net buying on the Big Board, while block trades accounted for \$3.47 billion in selling.

"The key to this market is the retail investor," said Jeffrey Rubin, an analyst at Birinyi Associates.

One measure of individual investor sentiment lies on-line, where about 20 percent to 25 percent of all retail trading occurs, according to Bill Burnham, an

See SUMMER, Page 17

## Market Bears Claw Europe

### Bourses Drop More Than Wall Street Despite Economic Gains

By Anne Swanson  
Washington Post Service

PARIS — European financial analysts this week are not only pessimistic about further disturbances triggered by the Asian crisis, but they also feel unfairly treated.

Economic conditions on the Continent are the best in decades. Yet European stock markets have fallen further from their summer peaks than has the Dow Jones industrial average.

By the end of Thursday, the CAC-40 index in France was down 10 percent from its July 17 peak, while the DAX index in Germany was down 13.9 percent from its high on July 20. Through Wednesday, by contrast, the Dow had fallen 8.4 percent since its high point on July 17.

"Europe has been hit disproportionately hard," by departing investors, given its economic position, said Ken Watner, senior economist at the investment firm Faribault in London.

Europe, mired in recession and slow growth for years as the U.S. economy roared back to life from its slump in the early 1990s, is just beginning its economic recovery. Inflation is at a historic low, growth is strong, unemployment is starting to ease lower and formerly top-heavy businesses are streamlining.

Beginning next year, 11 countries in the European Union will merge their currencies into one, to be called the euro, which should improve economic efficiency. Unemployment and taxes remain high compared with the United

States. But forecasts are for robust economic growth of more than 3 percent next year in Euroland, as the countries in the new currency group are being called.

"The underlying growth forces are still intact," said Peter Cornelius, chief international economist for Deutsche Bank Group in Frankfurt.

Perhaps for that reason, analysts were not surprised last year when markets here largely shrugged off the early months of the financial crisis in Asia. Shares declined in some individual companies, especially those with direct Asian sales in such areas as luxury goods or heavy contracting. But corporate profits in Europe rose an estimated 22 percent in 1997 and the markets generally roared on. And early this year, European stock indexes far outpaced the Dow.

As recently as July 27, Paribas headlined an article in its newsletter for customers "Euroland: No Confidence Crisis."

By that time, analysts say now, the best days for European stock markets already were over for this year. Indexes in London, Paris, Madrid, Frankfurt, Zurich and Lisbon had hit record highs. In Portugal, the market had increased by 165 percent from three years earlier.

There were some warning signs. More and more companies were showing lower profits or warning that they would suffer lower profits as the crisis continued to weaken Japan. But the

See EUROPE, Page 17

JAMES K. GLASSMAN ON INVESTING

## How Investors Can Reap Windfall From Downturn

WITH pundits in a dither over the recent decline in the U.S. stock market, a little history is in order. The Dow Jones industrial average is down about 9 percent from its peak July 17. Big deal! On Oct. 19, 1987, it fell 22.6 percent in a single trading session.

In a typical swoon that day, Sears, Roebuck and Co. dropped from \$41.50 a share to \$31. But over the 11 years since that crash, if you had held your stock and reinvested the dividends in new shares, your original stake in Sears would have risen by \$83 percent.

"Stocks will fluctuate," J.P. Morgan once said. Indeed. The price of a stock is an estimate, made through the buying-and-selling process, of the value of a piece of a company. Such prices, naturally, will bounce up and down —

often by as much as 1 percent or 2 percent a day.

Lately, stock prices are being affected by what's happening in Asia. For many U.S. companies, Asian markets were where the growth was. When Japanese, South Koreans and Thais stop buying, the results can devastate the bottom line.

"Even companies that have very small direct exposure to Asia are feeling the brunt of the crisis," said Robert Kearns of David L. Babson & Co., a Cambridge, Massachusetts, investment consulting firm. "Look at what happened to Computer Associates International and its stock last month, despite the fact that only 5 percent of its revenues come from Asia."

In a day, Computer Associates shares fell 30 percent after the company revealed that sales would fall as large multinational customers "were anticipating slower growth chiefly due to the continuing and worsening Asian situation."

The slowdown in Asia is beginning to affect thousands of companies. It could even produce a recession in the United States. But what should that mean to investors? Not much.

A fascinating study by Ibbotson Associates Inc., a Chicago-based investment consultant and research firm, correlated the performance of the stock market with the nine recessions since World War II. In every case, the market dropped either before or during the downturn. "This indicates a clear relationship between the performance of stocks and the economy as a whole," it said.

Certainly, the economy as a whole affects profits, and profits determine the value of a stock. But Ibbotson found something else: "It is important to note that regardless of periodic recession, the stock market has ultimately recouped its losses and continued upward."

I would not be surprised if the deflationary forces sweeping down from Asia slow the U.S. economy, perhaps to a halt or even to a retreat. But for long-term investors in stocks, that setback is no tragedy. In fact, if history is a guide, it is an opportunity. The problem, for small investors, is developing the cour-

age, or simply the perspective, to buy rather than sell or hold.

How to change your frame of mind? Make a wish list. Write down stocks you would truly love to own if only prices were more reasonable. Then, next to each, write down a reasonable — or more than reasonable — price. Put the list in your pocket and check the stocks every once in a while. (The list, by the way, can include stocks you already own.)

One purpose of the wish-list approach is to change the way you view market declines: They're good, not bad. They give you the chance to own great companies at good prices.

Consider, for example, Stewart Enterprises Inc., which operates 507 funeral homes and 133 cemeteries around the world. It's not a cheery business, but a profitable one, and it should pick up as

lower. Let's say \$13, which is where it was trading two years ago.

Wm. Wrigley Jr. Co., maker of Doublemint, Freudent and Big Red chewing gums, among others, is an obvious beneficiary of the anti-smoking wars. It's a wonderful company with a great balance sheet, profits that rise every quarter and a dividend that has been growing at 13 percent annually for the past five years. But at a P/E of 35, it's expensive — despite falling from \$103.3125 in June to \$85.9375 Thursday. I'd put it down for \$60, its price 18 months ago, and cheer for it to fall another 30 percent to buying range.

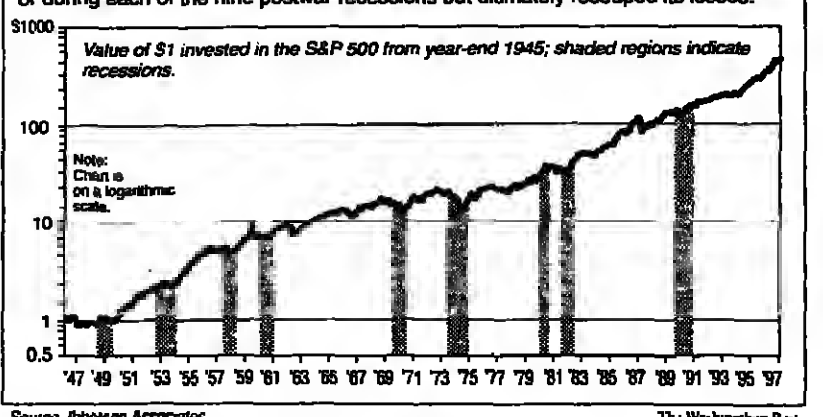
Like funeral homes and chewing gum, home security seems to be a global business for the 21st century. The Value Line Investment Survey recently highlighted Pitston Brink's Group as a "se-

## CURRENCY & INTEREST RATES

Cross Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	SAR	THB
Australia	0.6998	1.3500	0.6000	100.00	1.0000	0.7000	7.7500	4.7500	3.6500
Canada	0.7100	1.3600	0.6100	100.00	1.0000	0.7100	7.8500	4.8500	3.7500
France	0.6563	1.3000	0.5625	100.00	1.0000	0.6563	7.3125	4.4375	3.4375
Germany	0.6366	1.2800	0.5429	100.00	1.0000	0.6366	7.2143	4.3429	3.3429
Italy	0.5364	1.0600	0.4571	100.00	1.0000	0.5364	6.0000	3.6000	2.7143
Japan	100.00	160.94	120.71	100.00	1.0000	100.00	160.94	120.71	100.00
UK	0.7766	1.5625	1.0000	100.00	1.0000	0.7766	15.6250	9.3750	7.1429
US Dollar Values									
Canada	0.7100	1.3600	0.6100	100.00	1.0000	0.7100	7.8500	4.8500	3.7500
France	0.6563	1.3000	0.5625	100.00	1.0000	0.6563	7.3125	4.4375	3.4375
Germany	0.6366	1.2800	0.5429	100.00	1.0000	0.6366	7.2143	4.3429	3.3429
Italy	0.5364	1.0600	0.4571	100.00	1.0000	0.5364	6.0000	3.6000	2.7143
Japan	100.00	160.94	120.71	100.00	1.0000	100.00	160.94	120.71	100.00
UK	0.7766	1.5625	1.0000	100.00	1.0000	0.7766	15.6250	9.3750	7.1429
Interest Rates									
3-month T-bill	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month T-bill	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year T-bill	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month Euro	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month Euro	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year Euro	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month Yen	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month Yen	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year Yen	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

## Linking the Markets and Recessions

A study by Ibbotson Associates shows that the stock market dropped either before or during each of the nine postwar recessions but ultimately recouped its losses.



Source: Ibbotson Associates  
The Washington Post

baby boomers age. Raymond James & Associates Inc., a firm with a history of picking winners, made Stewart one of its leading selections this year. It's down 15 percent from its April high.

Stewart closed Thursday at \$22.3127, so its price-to-earnings ratio is about 22. That's reasonable enough for a company growing at 20 percent a year, but, if I'm going to put Stewart on my wish list, the price will have to be far

Washington Post Service





paign, which features rap, hip-hop bines and jazz artists.

It is also spending more on advertising for its Old Navy chain, which caters to families with value-priced clothing for men, women and children. Gap introduced Old Navy in 1994 and now operates 332 stores.

Gap operates a total of 2,272 stores.

**Its main Gap store division accounts for almost half of all sales.** The 1,068 Gap stores mostly target 18- to 25-year-olds. They include 618 Kids stores and 271 Banana Republic stores catering to shoppers in mid- to upper-income brackets.

Gap is testing a new store concept called GapBody, which will sell lingerie, sleepwear and personal-care products.

Gap is the third-largest U.S. clothing chain behind Limited Inc. and TJX Cos.

down, many analysts said.

MCI shares rose 1/16 to 61 13/16.

British Telecom said Wednesday it would pay \$1 billion to buy the U.S. phone company's 24.9 percent stake in their Concert Communications Services joint venture, severing BT's ties with the company it once hoped to buy.

Sunbeam rose 1% to 8% after MacAndrews & Forbes Holdings agreed to a settlement in the sale of its Coleman stake for 14 million Sunbeam shares, which have plunged from more than \$40 a share to less than \$10 since the deal was announced in March.

(Bloomberg, AP)

## Cendant Cleans Up Its Records

*Bloomberg News*  
**PARSIFANY, New Jersey**—Cendant Corp., a brand franchiser and marketer, said Thursday that it had cleansed its books of fraudulent accounting, lowering earnings reported for the past three years by about \$600 million.

Cendant cut 1997 earnings by \$392 million before tax, or 28 cents a share. Excluding special charges and businesses it plans to sell, Cendant's 1997 earnings were 70 cents a share, down from \$1 reported earlier. The company also reported 1998 second-quarter earnings of 24 cents a diluted share, compared to an 11 cent loss a year ago.

Completing the inquiry of accounting fraud and revising prior years' profits are the latest and largest steps in a campaign by the chairman, Henry Silverman, to regain investors' faith after disclosing improper bookkeeping at his company in mid-April. Mr. Silverman became chairman last month after Walter Forbes stepped down.

Cendant shares rose 25 cents on Thursday to close at \$16.375.

"This morning we began the process of re-establishing our credentials as a growth company," Mr. Silverman said. "Today is the first day of the new Cendant."

## Dollar Slides as Japan Says It Will Support the Yen

...creased in a dramatic, while the CDO shares  
...contracts actually were organized by  
...others who collected information on  
...GeoCities, which sold stock to the  
...public this week, disclosed the agree  
...ment with the FTC in a June filing  
...with the Securities and Exchange  
...Commission. Its shares have more

**Dollar Slides**  
**It Will Support**

**New York** — The dollar fell  
against the yen for a second day on  
Thursday, slipping on signs that  
the governor of Japan's central bank  
might that the bank may soon show

man doubled since they were in  
sold at \$17 each. The stock clos-  
ed Thursday at \$39.50, down \$7.  
GeoCities also must include for  
least five years a "clear and prom-  
inent" link to the FTC's own Web  
site with educational material  
about privacy. (Bloomberg, A

## U.S. STOCKS

companies that have the greatest exposure internationally are going to get hit."

The Dow Jones industrial average fell 93.46 points, to 8,459.50, erasing a 50-point gain. The Dow, mired in a nearly monthlong slide from a record of 9,337.97, set on July 17, trimmed Tuesday's loss to 112 by that day's close and gained 90 points on Wednesday.

The Standard & Poor's 500 Index fell 9.30 points, to 1,074.92. The Nasdaq composite index, dominated by large computer-related companies, dropped 22.99, to 1,802.54.

The two largest U.S. banks declined: Citicorp fell 3 13/16 to 143 3/16 and Chase declined 7/8 to 65 5/16. American Express, which said last week that plunging Asian economies would slow revenue growth in the second half, fell 1 5/16 to 97 5/16. J. P. Morgan declined 2 5/16 to 116 3/16.

Du Pont fell 3 13/16 to 56 11/16 after the largest U.S. chemical company warned that third-quarter earnings would be "in the lower range" of estimates and below last year's levels. The company cited lower prices for oil, the impact of the Asian economic crisis, particularly on its polyester business, higher expenses from acquisitions and lower revenue from agricultural chemicals.

Boeing dropped 3 1/16 to 37 11/16. Like Du Pont, it depends on a growing world economy to bolster sales.

Unexpectedly strong quarterly profits from Nordstrom and Dillard's limited the losses. Still, investors' expectations for corporate profits growth overall are still too optimistic.

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## FOREIGN EXCHANGE

up the weakening yen to keep other Asian currencies from falling further.

Masaru Hayami's comment echoed those by Haruhiko Kuroda, director general of the Finance Ministry's international bureau, who said Wednesday he was "gravely concerned" about the yen's weakness.

"The Japanese are a lot more concerned about the yen, and they

The dollar was at 1.7843 Deutsche marks, compared with 1.7859 Deutsche marks as Russian financial markets went into a tailspin. Many traders say the marks amid bad news in Russia because Germany is Russia's largest trading partner.

Against other major currencies the dollar fetched 5.9825 French francs down from 5.9935, and was 1.4890 Swiss francs, unchanged from the day before. The pound was at \$1.6242, compared with \$1.6240

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Unexpectedly strong quarterly profits from Nordstrom and Dillard's limited the losses. Still, investors' expectations for corporate profit growth overall are still too optimistic given the worldwide economic gloom.

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## U. S. STOCK MARKET DIARY

		Aug. 13, 1998				High	Low
		High	Low	Latex	Chige	Opak	
<b>Graines</b>							
<b>CORN (CBOT)</b>							
\$4000 Bu. basis, futures price per bushel							
Aug 9	211	204 1/4	200 1/4			72.93	
Dec 9	229 1/4	214	210 1/4		-2 1/4	13.17 1/2	
Mar 99	232	220 1/4	216 1/4		-1 1/4	12.53	
Dec 98	228 1/4	228 1/4	224 1/4		-4	16.84	
Mar 99	241	236 1/4	232 1/4		-4 1/4	13.17 1/2	
Dec 98	247 1/4	241 1/4	237 1/4		-4 1/4	13.17 1/2	
Mar 99	247 1/4	247 1/4	243 1/4		-4	2.39	
Dec 98	247 1/4	247 1/4	243 1/4		-4	2.39	
Est. sales 10,000 Wt/s sales 63,750							
Wt/s open Int 200,000 Wt 104,724							
<b>SOYBEAN MEAL (CBOT)</b>							
100 lbs. basis, futures price per short ton							
Aug 9	129	127 1/4	127 1/4		-4.50	3.58	
Dec 9	139 1/4	136 1/4	136 1/4		-4.50	3.58	
Mar 99	141 1/4	138 1/4	138 1/4		-4.50	3.58	
Dec 98	141 1/4	138 1/4	138 1/4		-4.50	3.58	
Mar 99	147 1/4	145 1/4	145 1/4		-1.38	6.99	
Est. sales 20,000 Wt/s sales 59,842							
Wt/s open Int 175,000 Wt 5,203							
<b>SOYBEAN OIL (CBOT)</b>							
68.02 lb. basis, cents per lb.							
Aug 9	23 1/2	22 3/4	22 3/4		-0.10	2.14	
Dec 9	23 1/2	22 3/4	22 3/4		-0.10	2.14	
Mar 99	23 1/2	22 3/4	22 3/4		-0.10	2.14	
Est. sales 20,000 Wt/s sales 59,842							
Wt/s open Int 175,000 Wt 5,203							
<b>ORANGE JUICE (IOC)</b>							
15.000 lbs. basis, cents per lb.							
Aug 9	108 1/4	104	104				
Nov 98	111 1/4	109 1/4	109 1/4				
Mar 99	116 1/4	112 1/4	112 1/4				
Est. sales 84,000 Wt/s open Int 24,524							
<b>GOLD (COMEX)</b>							
100 troy oz., dollars per troy oz.							
Aug 9	297 1/4	294 1/4	294 1/4				
Dec 9	297 1/4	294 1/4	294 1/4				
Mar 99	297 1/4	294 1/4	294 1/4				
Dec 98	297 1/4	294 1/4	294 1/4				
Est. sales 50,000 Wt/s sales 108,522							
<b>35-KNIFE COPPER</b>							
H1,000 lbs., cents per lb.							
Aug 9	75 1/2	73 1/2	73 1/2				
Dec 9	75 1/2	73 1/2	73 1/2				
Mar 99	75 1/2	73 1/2	73 1/2				
Dec 98	75 1/2	73 1/2	73 1/2				
Est. sales 50,000 Wt/s sales 108,522							

## NATIONAL FUTURES

Head	Chgo	Optd	High	Low	Latest	Chgo	Optd	High	Low	Latest	Chgo	Optd
IN-YEAR FRENCH GOV. BONDS (MATS)												
FF500,000 of 100 per cent												
Dec	98	104.2	104.3	104.4	101	73.52	99					
Jan	98	104.2	104.3	104.4	101	73.52	99					
Feb	98	104.2	104.3	104.4	101	73.52	99					
Mar	98	104.2	104.3	104.4	101	73.52	99					
Apr	98	104.2	104.3	104.4	101	73.52	99					
May	98	104.2	104.3	104.4	101	73.52	99					
Jun	98	104.2	104.3	104.4	101	73.52	99					
Jul	98	104.2	104.3	104.4	101	73.52	99					
Aug	98	104.2	104.3	104.4	101	73.52	99					
Sep	98	104.2	104.3	104.4	101	73.52	99					
Oct	98	104.2	104.3	104.4	101	73.52	99					
Nov	98	104.2	104.3	104.4	101	73.52	99					
Dec	98	104.2	104.3	104.4	101	73.52	99					
ITALIAN GOVERNMENT BOND MATS												
LIT 200 million of 100 per cent												
Dec	98	104.2	104.3	104.4	101	73.52	99					
Jan	98	104.2	104.3	104.4	101	73.52	99					
Feb	98	104.2	104.3	104.4	101	73.52	99					
Mar	98	104.2	104.3	104.4	101	73.52	99					
Apr	98	104.2	104.3	104.4	101	73.52	99					
May	98	104.2	104.3	104.4	101	73.52	99					
Jun	98	104.2	104.3	104.4	101	73.52	99					
Jul	98	104.2	104.3	104.4	101	73.52	99					
Aug	98	104.2	104.3	104.4	101	73.52	99					
Sep	98	104.2	104.3	104.4	101	73.52	99					
Oct	98	104.2	104.3	104.4	101	73.52	99					
Nov	98	104.2	104.3	104.4	101	73.52	99					
Dec	98	104.2	104.3	104.4	101	73.52	99					
3-MONTH EUROJURA CUPPED												
ITL 1 million of 100 per cent												
Dec	98	104.2	104.3	104.4	101	73.52	99					
Jan	98	104.2	104.3	104.4	101	73.52	99					
Feb	98	104.2	104.3	104.4	101	73.52	99					
Mar	98	104.2	104.3	104.4	101	73.52	99					
Apr	98	104.2	104.3	104.4	101	73.52	99					
May	98	104.2	104.3	104.4	101	73.52	99					
Jun	98	104.2	104.3	104.4	101	73.52	99					
Jul	98	104.2	104.3	104.4	101	73.52	99					
Aug	98	104.2	104.3	104.4	101	73.52	99					
Sep	98	104.2	104.3	104.4	101	73.52	99					
Oct	98	104.2	104.3	104.4	101	73.52	99					
Nov	98	104.2	104.3	104.4	101	73.52	99					
Dec	98	104.2	104.3	104.4	101	73.52	99					
INDUSTRIALS												
COTTON 20,000 lbs. per bale												
Dec	98	104.2	104.3	104.4	101	73.52	99					
Jan	98	104.2	104.3	104.4	101	73.52	99					
Feb	98	104.2	104.3	104.4	101	73.52	99					
Mar	98	104.2	104.3	104.4	101	73.52	99					
Apr	98	104.2	104.3	104.4	101	73.52	99					
May	98	104.2	104.3	104.4	101	73.52	99					
Jun	98	104.2	104.3	104.4	101	73.52	99					
Jul	98	104.2	104.3	104.4	101	73.52	99					
Aug	98	104.2	104.3	104.4	101	73.52	99					
Sep	98	104.2	104.3	104.4	101	73.52	99					
Oct	98	104.2	104.3	104.4	101	73.52	99					
Nov	98	104.2	104.3	104.4	101	73.52	99					
Dec	98	104.2	104.3	104.4	101	73.52	99					

AMEX	High	Low	Last	Chg.	AMEX	High	Low	Last	Chg.
Advanced	168.01	166.48	167.19	+0.71	SPDR	149.05	148.79	147.00	+1.79
Amgen	168.01	166.48	167.19	+0.71	Small Cap	149.05	148.79	147.00	+1.79
Trane	168.01	166.48	167.19	+0.71	Mid Cap	149.05	148.79	147.00	+1.79
Trane	168.01	166.48	167.19	+0.71	Large Cap	149.05	148.79	147.00	+1.79
Trane	168.01	166.48	167.19	+0.71	Technology	149.05	148.79	147.00	+1.79
Trane	168.01	166.48	167.19	+0.71	Healthcare	149.05	148.79	147.00	+1.79
Trane	168.01	166.48	167.19	+0.71	Financial	149.05	148.79	147.00	+1.79
Trane	168.01	166.48	167.19	+0.71	Consumer	149.05	148.79	147.00	+1.79
Trane	168.01	166.48	167.19	+0.71	Energy	149.05	148.79	147.00	+1.79
Trane	168.01	166.48	167.19	+0.71	Real Estate	149.05	148.79	147.00	+1.79
Trane	168.01	166.48	167.19	+0.71	Commodities	149.05	148.79	147.00	+1.79
Trane	168.01	166.48	167.19	+0.71	Artificial Intelligence	149.05	148.79	147.00	+1.79
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Trane	168.01	166.48	167.19	+0.71	Artificial Intelligence	149			

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## EUROPE

# 7 Phone Firms Face EU Antitrust Inquiry

Compiled by Our Staff From Dispatches

BRUSSELS — European Union antitrust regulators said Thursday that they would investigate seven phone companies that they said could be charging other companies excessive fees to forward international calls within the EU.

Telecom Italia SpA, Sonera Corp. of Finland, Portugal Telecom SA, Hellenic Telecommunications Organization SA of Greece, Post & Telekom Austria AG, Postes & Telecommunications Luxembourg and Telecom Eireann of Ireland are targeted in the probe by the EU competition commissioner, Karel Van Miert, the commission said.

The investigation, first opened in October 1997, involves "accounting rates" — the charges for completing international phone calls that are agreed between telecommunications operators in the countries where the calls begin and end.

"Accounting rates have an important influence on the prices users pay for international phone calls," the executive body for the European Union said.

The commission said it originally examined charges by operators in all 15 EU countries but had narrowed its probe to companies whose accounting rates were at least double what would be considered reasonable.

That estimation was made using a formula based on the interconnection rates charged by companies in the Union to complete domestic calls for customers using a rival operator.

A commission official, Herbert Ungerer, said the body could impose fines or take other legal action against the companies if it found they were abusing a dominant position.

The move follows the commission's announcement last month that it was conducting a detailed probe into phone company charges for connecting calls between fixed and mobile phone networks.

The initiatives are part of the commission's efforts to enforce an EU telecommunications liberalization plan, which required most countries to open their markets to full competition at the start of this year.

The inquiry does not involve calls to countries such as the United States, Japan and other non-EU destinations, pending international talks that are scheduled to end this year.

Deutsche Telekom AG, British Telecommunications PLC and France Telecom SA, the top three European phone companies, were not found to charge unfairly high international accounting rates. They could still be implicated in the investigation, said an EU antitrust official, who asked not to be identified, because of their agreements with the seven operators.

Telecom Italia, by far the largest of the seven named in the investigation, said it had already changed its pricing policies.

(Bloomberg, Reuters)

## McDonald's Is Told: Buy Belarussian

The Associated Press

MINSK, Belarus — In the latest attempt to prop up its crumbling economy, the government of Belarus is demanding that McDonald's restaurants in the former Soviet republic stop using imported food and buy Belarussian products.

McDonald's, which accounts for 10 percent of the Belarussian restaurant business, imports \$500,000 worth of goods each month, mostly from Russia and Poland.

Belarussian products, whose prices are strictly controlled by President Alexander Lukashenko's government, cost up to one-third more than the imports, restaurant representatives were quoted as telling the Dzen newspaper in neighboring Ukraine.

"Big Macs would become much more expensive and therefore not affordable for Belarussians," a McDonald's spokeswoman, Olga Troyan, was quoted as saying.

McDonald's has five restaurants that employ 600 people.

# Executive Pay Gets Legal Boost

German Court Approves Daimler's Stock-Option Plan

By John Tagliabue  
New York Times Service

BERLIN — A court in Stuttgart has rejected a challenge to the way Daimler-Benz AG rewards 1,600 of its executives with stock options.

The ruling allows Daimler managers to continue to invest in the company by buying convertible bonds whose price is lower than the company's stock price.

The decision Wednesday swept aside objections by a management professor, Ekkehard Wenger, that the stock-option plan linked management rewards solely to the stock price rather than considering the stock's performance relative to that of the overall market. It also helped pave the way for Daimler to tackle the problem of pay differences between its executives and those of Chrysler Corp., which it

plans to acquire this autumn in a stock deal.

The pay differences between the United States and Germany drew attention last week when a filing with the Securities and Exchange Commission disclosed that Robert Eaton, the chairman and chief executive of Chrysler, had received \$69 million in bonuses, stock and stock options in previous years that will be paid in cash and stock when the deal is completed. He also received a pension sweetener that could be worth \$360,000 annually for life if he stays with the merged company for three years.

In contrast, the 10-member management board of Daimler, the executives who run the group's day-to-day business, together make less than the salary, bonus and stock options exercised last year by the No. 2 Chrysler executive, Robert Lutz, whose compensation pack-

age totaled more than \$13 million. He retired July 1.

Although the salaries of senior German managers are rarely disclosed, Daimler's chief executive, Juergen Scheer, is thought to earn the equivalent of \$1.1 million to \$1.5 million a year, plus the returns on Daimler stock options.

Mr. Wenger, who teaches at the University of Wuerzburg, views Daimler with suspicion because the options plan will lead to the creation of as many as 22 million shares a year, diluting others' holdings. He said he would appeal the decision to Germany's highest court.

In the acquisition agreement, Daimler and Chrysler said they sought executive pay arrangements that would be competitive on both sides of the Atlantic, "both with regard to the type and variety of programs as well as the amount of remuneration."

# VEBA Profit Falls as Outlook Is Cut

Bloomberg News

DUSSELDORF, Germany — VEBA AG, the German conglomerate, said Thursday that first-half earnings declined 4 percent amid losses in its silicon-wafer business and start-up costs in a telecommunications venture.

The company also said net income for the full year would be "significantly" below the 1997 level of 2.81 billion Deutsche marks (\$1.58 billion). VEBA in June had denied a report that it would not meet its own forecast of double-digit earnings growth.

VEBA's first-half earnings, excluding minority interests in subsidiaries, fell to 1.26 billion DM from a restated 1.31 billion DM a year earlier. Sales rose less than 1 percent, to 40.01 billion DM. Including VEBA's minority interests, earnings rose to 1.29 billion DM from a restated 1.17 billion DM.

VEBA shares closed down 3.35 DM, at 96.60 DM, in Frankfurt.

"The results are disappointing and the outlook for the full year is even worse," said Thilo Steiger, a fund manager at Axia Fondsmas-

agement in Wiesbaden. Though VEBA has benefited from cost-cutting in its core energy business, it has had losses in its telecommunications division and an American subsidiary, MEMC Electronic Materials Inc. MEMC, a maker of silicon wafers used in computer chips, has suffered from falling prices

and competition from Asian rivals. MEMC had a loss of 161 million DM in the first half, compared with a profit of 3 million DM a year earlier. The company, which took a restructuring charge of about 250 million DM, said it would close one plant in the United States, abandon two Asian projects and fire 1,500 workers.

# Acquisition Lifts Aegon's Net

Compiled by Our Staff From Dispatches

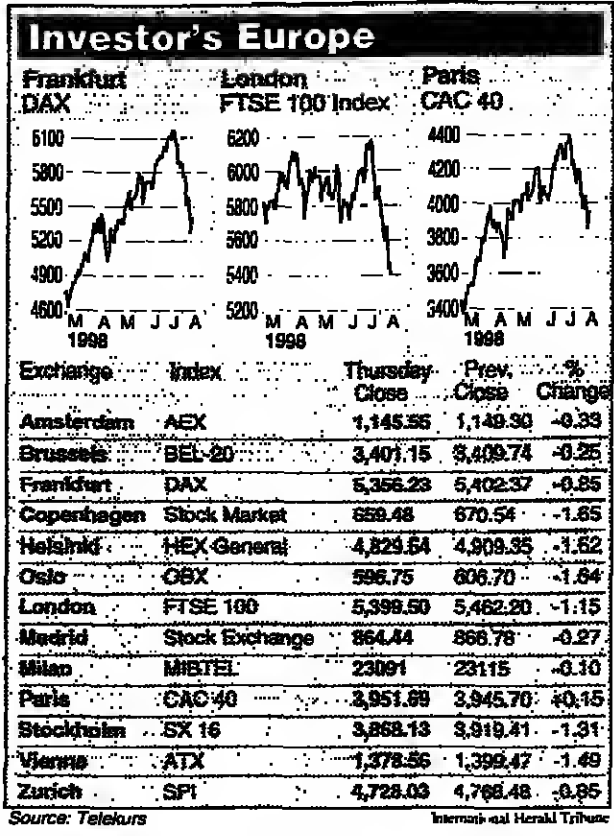
THE HAGUE — Aegon NV reported Thursday a 45 percent rise in first-half net income, lifted by the Dutch insurer's acquisition of a U.S. rival, Provident Corp.

But investors reacted with disappointment to the 1.31 billion guilder (\$654.6 million) net profit, which came in at the lower end of analysts' expectations. Aegon shares fell 4.90 guilders Thursday, to 177.60.

Despite the share drop, analysts have applauded Aegon's clear focus on one business — life insurance and pensions — and its reluctance to muddle that focus by mixing banking with insurance, as many rivals, such as Travelers Group Inc. with its planned Citicorp merger, have done. The strategy has produced average annual profit growth of 16.5 percent in the past decade.

Dennis Ederzeel of Delta Lloyd Bank said "Other Dutch financial institutions have a general strategy: 'We want to grow everywhere in every line.' Aegon has stated 'just life and pension-related business. We have key markets where we want to grow.'"

(Reuters, Bloomberg)



## Very bright:

- Mannesmann AG, the German engineering and telecommunications group, posted net profit of 443 million Deutsche marks (\$248.1 million) in the first half, up 42 percent from a year earlier, and forecast an even better full year.
  - Credit Lyonnais SA said it would sell off its Credit Lyonnais Belgium subsidiary as part of a restructuring plan ordered by the European Commission.
  - France Telecom SA reported consolidated sales of 77.9 billion French francs (\$13.1 billion) in the first half of 1998, up 3.5 percent from a year earlier, as soaring demand for mobile phones outstripped a drop in fixed-line revenue.
  - Vobis Microcomputer AG, Europe's largest computer retailer, said it would cut 130 jobs at its headquarters in Wuerzburg, Germany. Last month, the retailer Metro AG sold Vobis, which has about 3,000 employees, to Miami-based CHS Electronics Inc.
  - Beiersdorf AG, the German consumer chemicals group, reported net profit of 159 million Deutsche marks in the first half, up 85 percent from a year earlier.
  - Ryanair Holdings PLC, the Dublin-based low-cost airline, posted a 65 percent increase in profit for the first quarter ended June 30, to 7.1 million Irish pounds (\$10 million).
  - Sweden's consumer price index fell 0.2 percent in July from June, but rose 0.6 percent from the same period a year earlier, the Swedish Central Bureau of Statistics said.
  - Spain reported an unexpectedly large 0.4 percent rise in its July consumer price index, but the central bank is still widely seen lowering interest rates in October. Prices rose 2.2 percent in July on a year-to-year basis, up from 2.1 percent in June.
  - Flextech PLC, the British unit of the U.S. cable giant Telecommunications Inc., posted a profit of \$1.68 million (\$2.74 million) in the first half, compared with a loss of \$1.65 million a year earlier.
- Reuters, AFP, Bloomberg

## WORLD STOCK MARKETS

Thursday, Aug. 13

Daily prices in local currencies

High Low Close Prev.

Amsterdam

AEX Index: 1145.55

Previous: 1149.30

High Low Close Prev.

Frankfurt

DAX Index: 3565.29

Previous: 3602.37

High Low Close Prev.

London

FTSE 100

5399.50

Previous: 5462.20

High Low Close Prev.

Paris

CAC 40

3951.89

Previous: 3945.70

High Low Close Prev.

Stockholm

STX 16

3868.13

Previous: 3819.41

High Low Close Prev.

Vienna

ATX

1378.56

Previous: 1395.47

High Low Close Prev.

Zurich

SPI

4728.03

Previous: 4768.48

High Low Close Prev.

Bombay

S&P 100

2929.29

Previous: 2934.14

High Low Close Prev.

Hong Kong

HK Index

6448.48

Previous: 6468.48

High Low Close Prev.

Shanghai

Shanghai Index

1450.00

Previous: 1450.00

High Low Close Prev.

Taipei

Taipei Index

1230.00

Previous: 1230.00

High Low Close Prev.

Beijing

Beijing Index

1230.00

Previous: 1230.00

High Low Close Prev.

Seoul

Seoul Index

1230.00

Previous: 1230.00

High Low Close Prev.

Osaka

Osaka Index

1230.00

Previous: 1230.00

High Low Close Prev.

Tokyo

Tokyo Index

1230.00

Previous: 1230.00

High Low Close Prev.

Manila

Manila Index

1230.00

Previous: 1230.00

High Low Close Prev.

Buenos Aires

Buenos Aires Index

1230.00

Previous: 1230.00

High Low Close Prev.

Sao Paulo

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1450.00

Previous: 1450.00

High Low Close Prev.

Taipei

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Previous: 1230.00

High Low Close Prev.

Beijing

Beijing Index

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Previous: 1230.00

High Low Close Prev.

Seoul

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Previous: 1230.00

High Low Close Prev.

Osaka

Osaka Index

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Previous: 1230.00

High Low Close Prev.

Tokyo

Tokyo Index

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Previous: 1230.00

High Low Close Prev.</




The 2,600 most traded stocks of the day.  
 Nationwide prices not reflecting late trades elsewhere.  
 The Associated Press


1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
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12 Month	High	Low	Stock	Qty	Yld	PE	1000	Hgt	Low	Latest	Chge
11	11.00	10.80	100	100	10.00	10.00	1000	100	10.00	10.00	0.00
12	12.00	11.80	100	100	12.00	12.00	1000	100	12.00	12.00	0.00
13	13.00	12.80	100	100	13.00	13.00	1000	100	13.00	13.00	0.00
14	14.00	13.80	100	100	14.00	14.00	1000	100	14.00	14.00	0.00
15	15.00	14.80	100	100	15.00	15.00	1000	100	15.00	15.00	0.00
16	16.00	15.80	100	100	16.00	16.00	1000	100	16.00	16.00	0.00
17	17.00	16.80	100	100	17.00	17.00	1000	100	17.00	17.00	0.00
18	18.00	17.80	100	100	18.00	18.00	1000	100	18.00	18.00	0.00
19	19.00	18.80	100	100	19.00	19.00	1000	100	19.00	19.00	0.00
20	20.00	19.80	100	100	20.00	20.00	1000	100	20.00	20.00	0.00
21	21.00	20.80	100	100	21.00	21.00	1000	100	21.00	21.00	0.00
22	22.00	21.80	100	100	22.00	22.00	1000	100	22.00	22.00	0.00
23	23.00	22.80	100	100	23.00	23.00	1000	100	23.00	23.00	0.00
24	24.00	23.80	100	100	24.00	24.00	1000	100	24.00	24.00	0.00
25	25.00	24.80	100	100	25.00	25.00	1000	100	25.00	25.00	0.00
26	26.00	25.80	100	100	26.00	26.00	1000	100	26.00	26.00	0.00
27	27.00	26.80	100	100	27.00	27.00	1000	100	27.00	27.00	0.00
28	28.00	27.80	100	100	28.00	28.00	1000	100	28.00	28.00	0.00
29	29.00	28.80	100	100	29.00	29.00	1000	100	29.00	29.00	0.00
30	30.00	29.80	100	100	30.00	30.00	1000	100	30.00	30.00	0.00
31	31.00	30.80	100	100	31.00	31.00	1000	100	31.00	31.00	0.00
32	32.00	31.80	100	100	32.00	32.00	1000	100	32.00	32.00	0.00
33	33.00	32.80	100	100	33.00	33.00	1000	100	33.00	33.00	0.00
34	34.00	33.80	100	100	34.00	34.00	1000	100	34.00	34.00	0.00
35	35.00	34.80	100	100	35.00	35.00	1000	100	35.00	35.00	0.00
36	36.00	35.80	100	100	36.00	36.00	1000	100	36.00	36.00	0.00
37	37.00	36.80	100	100	37.00	37.00	1000	100	37.00	37.00	0.00
38	38.00	37.80	100	100	38.00	38.00	1000	100	38.00	38.00	0.00
39	39.00	38.80	100	100	39.00	39.00	1000	100	39.00	39.00	0.00
40	40.00	39.80	100	100	40.00	40.00	1000	100	40.00	40.00	0.00
41	41.00	40.80	100	100	41.00	41.00	1000	100	41.00	41.00	0.00
42	42.00	41.80	100	100	42.00	42.00	1000	100	42.00	42.00	0.00
43	43.00	42.80	100	100	43.00	43.00	1000	100	43.00	43.00	0.00
44	44.00	43.80	100	100	44.00	44.00	1000	100	44.00	44.00	0.00
45	45.00	44.80	100	100	45.00	45.00	1000	100	45.00	45.00	0.00
46	46.00	45.80	100	100	46.00	46.00	1000	100	46.00	46.00	0.00
47	47.00	46.80	100	100	47.00	47.00	1000	100	47.00	47.00	0.00
48	48.00	47.80	100	100	48.00	48.00	1000	100	48.00	48.00	0.00
49	49.00	48.80	100	100	49.00	49.00	1000	100	49.00	49.00	0.00
50	50.00	49.80	100	100	50.00	50.00	1000	100	50.00	50.00	0.00
51	51.00	50.80	100	100	51.00	51.00	1000	100	51.00	51.00	0.00
52	52.00	51.80	100	100	52.00	52.00	1000	100	52.00	52.00	0.00
53	53.00	52.80	100	100	53.00	53.00	1000	100	53.00	53.00	0.00
54	54.00	53.80	100	100	54.00	54.00	1000	100	54.00	54.00	0.00
55	55.00	54.80	100	100	55.00	55.00	1000	100	55.00	55.00	0.00
56	56.00	55.80	100	100	56.00	56.00	1000	100	56.00	56.00	0.00
57	57.00	56.80	100	100	57.00	57.00	1000	100	57.00	57.00	0.00
58	58.00	57.80	100	100	58.00	58.00	1000	100	58.00	58.00	0.00
59	59.00	58.80	100	100	59.00	59.00	1000	100	59.00	59.00	0.00
60	60.00	59.80	100	100	60.00	60.00	1000	100	60.00	60.00	0.00
61	61.00	60.80	100	100	61.00	61.00	1000	100	61.00	61.00	0.00
62	62.00	61.80	100	100	62.00	62.00	1000	100	62.00	62.00	0.00
63	63.00	62.80	100	100	63.00	63.00	1000	100	63.00	63.00	0.00
64	64.00	63.80	100	100	64.00	64.00	1000	100	64.00	64.00	0.00
65	65.00	64.80	100	100	65.00	65.00	1000	100	65.00	65.00	0.00
66	66.00	65.80	100	100	66.00	66.00	1000	100	66.00	66.00	0.00
67	67.00	66.80	100	100	67.00	67.00	1000	100	67.00	67.00	0.00
68	68.00	67.80	100	100	68.00	68.00	1000	100	68.00	68.00	0.00
69	69.00	68.80	100	100	69.00	69.00	1000	100	69.00	69.00	0.00
70	70.00	69.80	100	100	70.00	70.00	1000	100	70.00	70.00	0.00
71	71.00	70.80	100	100	71.00	71.00	1000	100	71.00	71.00	0.00
72	72.00	71.80	100	100	72.00	72.00	1000	100	72.00	72.00	0.00
73	73.00	72.80	100	100	73.00	73.00	1000	100	73.00	73.00	0.00
74	74.00	73.80	100	100	74.00	74.00	1000	100	74.00	74.00	0.00
75	75.00	74.80	100	100	75.00	75.00	1000	100	75.00	75.00	0.00
76	76.00	75.80	100	100	76.00	76.00	1000	100	76.00	76.00	0.00
77	77.00	76.80	100	100	77.00	77.00	1000	100	77.00	77.00	0.00
78	78.00	77.80	100	100	78.00	78.00	1000	100	78.00	78.00	0.00
79	79.00	78.80	100	100	79.00	79.00	1000	100	79.00	79.00	0.00
80	80.00	79.80	100	100	80.00	80.00	1000	100	80.00	80.00	0.00
81	81.00	80.80	100	100	81.00	81.00	1000	100	81.00	81.00	0.00
82	82.00	81.80	100	100	82.00	82.00	1000	100	82.00	82.00	0.00
83	83.00	82.80	100	100	83.00	83.00	1000	100	83.00	83.00	0.00
84	84.00	83.80	100	100	84.00	84.00	1000	100	84.00	84.00	0.00
85	85.00	84.80	100	100	85.00	85.00	1000	100	85.00	85.00	0.00
86	86.00	85.80	100	100	86.00	86.00	1000	100	86.00	86.00	0.00
87	87.00	86.80	100	100	87.00	87.00	1000	100	87.00	87.00	0.00
88	88.00	87.80	100	100	88.00	88.00	1000	100	88.00	88.00	0.00
89	89.00	88.80	100	100	89.00	89.00	1000	100	89.00	89.00	0.00
90	90.00	89.80	100	100	90.00	90.00	1000	100	90.00	90.00	0.00
91	91.00	90.80	100	100	91.00	91.00	1000	100	91.00	91.00	0.00
92	92.00	91.80	100	100	92.00	92.00	1000	100	92.00	92.00	0.00
93	93.00	92.80	100	100	93.00	93.00	1000	100	93.00	93.00	0.00
94	94.00	93.80	100	100	94.00	94.00	1000	100	94.00	94.00	0.00
95	95.00	94.80	100	100	95.00	95.00	1000	100	95.00	95.00	0.00
96	96.00	95.80	100	100	96.00	96.00	1000	100	96.00	96.00	0.00
97	97.00	96.80	100	100	97.00	97.00	1000	100	97.00	97.00	0.00
98	98.00	97.80	100	100	98.00	98.00	1000	100	98.00	98.00	0.00
99	99.00	98.80	100	100	99.00	99.00	1000	100	99.00	99.00	0.00
100	100.00	99.80	100	100	100.00	100.00	1000	100	100.00	100.00	0.00



Hotel building illustration



Hotel building illustration



Hotel building illustration

We invite you to experience the warmth of Asian hospitality at our hotels in Singapore and Cambodia. Or the old world charm of those in Hamburg and London. Each is a singular experience. One, we are sure, you will look forward to reliving over and over again.

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12 Month	High	Low	Stock	Qty	Yld	PE	1000	Hgt	Low	Latest	Chge
11	11.00	10.80	100	100	10.00	10.00	1000	100	10.00	10.00	0.00
12	12.00	11.80	100	100	12.00	12.00	1000	100	12.00	12.00	0.00
13	13.00	12.80	100	100	13.00	13.00	1000	100	13.00	13.00	0.00
14	14.00	13.80	100	100	14.00	14.00	1000	100	14.00	14.00	0.00
15	15.00	14.80	100	100	15.00	15.00	1000	100	15.00	15.00	0.00
16	16.00	15.80	100	100	16.00	16.00	1000	100	16.00	16.00	0.00
17	17.00	16.80	100	100	17.00	17.00	1000	100	17.00	17.00	0.00
18	18.00	17.80	100	100	18.00	18.00	1000	100	18.00	18.00	0.00
19	19.00	18.80	100	100	19.00	19.00	1000	100	19.00	19.00	0.00
20	20.00	19.80	100	100	20.00	20.00	1000	100	20.00	20.00	0.00
21	21.00	20.80	100	100	21.00	21.00	1000	100	21.00	21.00	0.00
22	22.00	21.80	100	100	22.00	22.00	1000	100	22.00	22.00	0.00
23	23.00	22.80	100	100	23.00	23.00	1000	100	23.00	23.00	0.00
24	24.00	23.80	100	100	24.00	24					

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NAME	RES.	DATE	TIME	STATUS	REMARKS
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176	176	176	176	176	176

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**Continued on Page 10**



## ASIA/PACIFIC

# Yen Traders Skeptical Of Bid to Talk It Up

## Hong Kong Sell-Off Rattles Asia Markets

By Sandra Sugawara  
Washington Post Service

TOKYO — A senior official of the Japanese Finance Ministry, Eisuke Sakakibara, issued a strong warning Thursday that the government may intervene in the markets to support the yen, but currency traders were leery.

Markets elsewhere in Asia continued to be unsettled, undermined by another sell-off in Hong Kong that sent stocks there to a five-year low.

Because the yen was trading Thursday near the same levels that prompted Japan and the United States to enter currency markets to lift the currency in June, traders said Mr. Sakakibara's strong warning could not be dismissed.

But Makoto Miyazaki, a currency trader at Bank of Tokyo-Mitsubishi, said, "At this moment, there is no reason to buy the yen." If his view reflects market sentiment, the yen may continue to fall unless there is intervention.

In Tokyo, the dollar rose to 146.400 yen Thursday from 146.285 Wednesday in New York.

Amid the decline in the yen, traders said there was growing speculation that Hong Kong — with its plunging property prices and soaring unemployment — might not be able to tolerate the high interest rates that would be necessary to defend Hong Kong's currency. Authorities have

repeatedly denied such assertions. Russia's rapidly deteriorating financial condition has contributed to pessimism over Hong Kong. Anxieties over a possible devaluation of the ruble helped send Hong Kong stocks lower; the Hang Seng index fell 2.9 percent, to 6,660.42 points, the lowest level since 1993. Stocks fell 3 percent in Singapore and 4.5 percent in Malaysia.

The pressure on the yen stems in large part from the troubles in the banking system. U.S. banking experts have urged Tokyo to seize insolvent banks, resell the assets seized and force other banks to get rid of loans that are not being repaid to flush the banking system of bad loans that are endangering the stability of the financial system. They have also said that the government must inject massive amounts of money into the rest of the banks to restore the banking system to health so that it can begin lending money again and revive the economies of Japan and the rest of Asia.

**Japan's Trade Surplus Rises**  
Japan said Thursday that its current-account surplus surged 52.9 percent in the first half as recession strangled demand and sent imports plummeting, Agency France-Press reported from Tokyo. The surplus in the broadest measure of foreign trade rose to 7.57 trillion yen (\$51.8 billion), the Finance Ministry said.

## China Warning Buys Yuan

Agence France-Press

SHANGHAI — The Chinese yuan stabilized Thursday, and the central bank halted its intervention to shore up the currency for the first time this week after warning speculators to back off.

The dollar fell to 8.2798 yuan from 8.2800 the day before in quiet, stable trading on the official market as the stern warning to speculators by the central bank, the People's Bank of China, hit home, dealers said.

The deputy governor of the People's Bank, Liu Mingkang, reiterated Tuesday that China would not devalue its currency. "China is a big player," he told speculators. "Don't miscalculate."

"We believe that a devaluation or

a minor exchange-rate adjustment is not a good measure for China. We are fully capable of maintaining the value of our currency."

Still, on the black market, the dollar was quoted Thursday at around 8.8000 yuan, up slightly from 8.7500 yuan the previous day, one dealer said.

The dealer said black-market activities had slowed down compared with last week, when the dollar rose sharply.

Bankers said that despite the concern over the value of the yuan, which had come under renewed pressure as the Japanese yen continued its slide against the dollar, neither the official nor the unofficial markets could themselves force a devaluation.



Dan Byung Ho, center, head of the metal workers' union, vowing Thursday to back Hyundai strikers.

## Hyundai Strikers Face Police Raid

Agence France-Press

SEOUL — Thousands of riot police massed around facilities of Hyundai Motor Co., South Korea's top carmaker, in the southern city of Ulsan on Thursday, awaiting an order to enter the plants and evict striking workers after union and management failed to reach a deal over mass layoffs.

"There are no more meetings between the union and management," a company executive said. "It is tense here inside the factories and the only thing left seems to be the police raid."

"Everyone seems to be waiting for the raid," a union spokesman said. "There seems to be no other solution."

But he warned of a "nationwide fight by all unions in South Korea" if the police moved in.

More than 1,500 union workers and relatives have been occupying the factories in Ulsan since July 20, when the dispute began.

Representatives of up to 190,000 workers at more than 200 factories have threatened to strike next week if the riot police raided Hyundai Motor.

"We will fight together with Hyundai if the police go in," said an official of the Korean Metal Workers' Federation. "To start off, we will all down tools from Aug. 17 to 22."

The federation also threatened to hold a massive rally Friday outside Ulsan factories.

The Hyundai Motor factories have remained shut since unionized

employees went on strike and occupied the plants in protest over layoffs, a shocking concept for a nation accustomed to lifetime employment at one enterprise.

## Singapore Dollar Rules Eased

Compiled by Our Staff From Dispatches

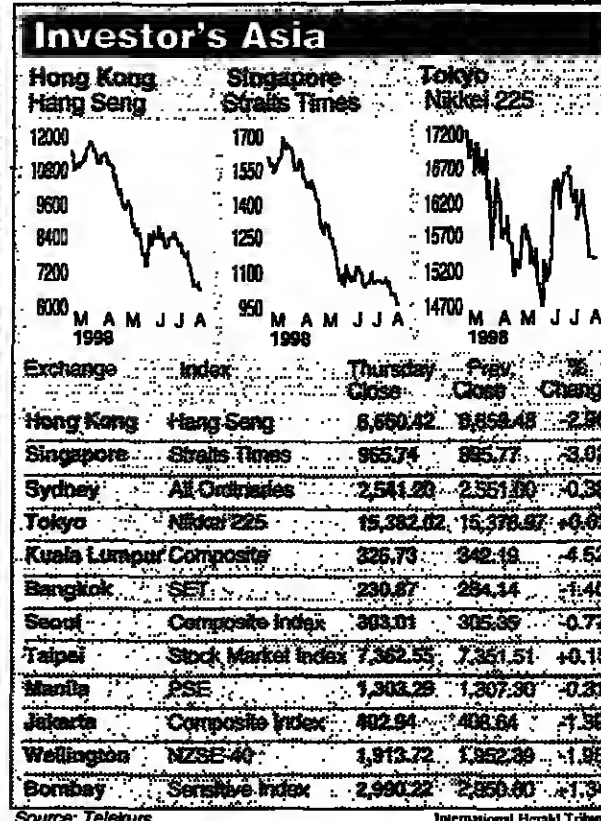
SINGAPORE — Singapore eased regulations Thursday on the use of the local dollar in a bid to bolster the island's standing as a financial center, but warned speculators that there would be no "open season" on the currency.

Singapore will allow companies to use the dollar overseas, unlocking a potentially big market for securities denominated in Singapore dollars.

The Monetary Authority of Singapore, the central bank, said it would relax guidelines on using Singapore dollars to finance overseas projects and allow the currency to be used by foreign companies selling stocks and bonds.

The monetary authority, the de facto central bank, also spelled out plans to issue more public-sector bonds to aid the growth of capital markets. And it announced the creation of a real-time electronic payment and settlement network for banks.

(AFP, Bloomberg)



## Very briefly:

- LG Electronics Inc. of South Korea reported that its net profit fell 7.5 percent to 101.3 billion won (\$76.2 million) in the first six months of the year despite a 22 percent increase in sales, to 4.4 trillion won, during the same period.
- Yaoban International Holdings Ltd., the Hong Kong arm of the Wada family's troubled retail empire, has gone into liquidation at the request of one of its subsidiary companies.
- Samsung Electronics Co., the world's largest producer of memory chips, said its net profit for the first six months of the year increased 21 percent from a year before to 150.1 billion won. It cited a speedy restructuring of the business as well as a reduction in financing costs.
- Genting Bhd., Malaysia's sole legal casino company, said first-half profit dropped 3 percent from a year ago to 283.9 million ringgit (\$68 million). Sales rose 36 percent to 1.89 billion ringgit.
- Overseas Union Bank Ltd., the smallest of Singapore's four biggest banks, said first-half profit sank 28 percent from a year ago to 130 million Singapore dollars (\$74.6 million) as provisions for bad loans tripled.
- General Motors Corp. will launch a version of its Chevrolet Blazer built especially for Japan this fall as it tries to expand sales in a slumping auto market, an advertising executive said.

AFP, Bloomberg, AP, Reuters

## 'Titanic' Swells Net Profit at News Corp.

Compiled by Our Staff From Dispatches

SYDNEY — News Corp., the global media conglomerate, said Thursday that net profit shot up 133 percent in the year ended June 30, swollen by box office receipts from "Titanic," the film about the doomed luxury liner.

The global media conglomerate posted a net profit of 1.68 billion Australian dollars (\$1.0 billion), up from 720 million dollars a year ago.

"This past year, News Corporation achieved the highest earnings in the company's history," it said.

"These record results were driven by strong double digit earnings gains in all the company's major operating segments."

But analysts said they expected News

Corp.'s profit growth to slow in the current year to June 30, 1999, because of slower economic growth in its crucial U.S. markets and the absence of another movie like "Titanic."

Financial markets Thursday applauded News Corp.'s results, sending the share price soaring and proving that the company's "Titanic" gamble had paid off handsomely.

News Corp. closed in Sydney at 11.35 dollars, up 18 cents.

Among the best-performing divisions were US Television, Fox Broadcasting and Film Entertainment, which was boosted by the year's low-budget runaway hit, "The Full Monty," and the mega-budget "Titanic."

The media giant had braved intense criticism during the making of the Academy Award-winning disaster movie as costs spiraled and confidence in the film division ebbed.

HSBC's media analyst, Nola Hodgson, interpreted comments made by News Corp. executives as indicating the company was "cautiously optimistic" for the year ahead.

Bill Bannister, a D & D Tolhurst analyst, said the News Corp. outlook was strong.

The group result included an abnormal loss of 118 million dollars compared with a loss of 561 million dollars in the previous year. News Corp. said this reflected charges associated with the merger of the Australian rugby Super League and a loss on early retirement of debt.

(AFP, Reuters)

## REGION: Crony Capitalism May Not Be Woes' Main Cause

Continued from Page 1

of the Institute for International Economics in Washington, said that given the devaluations of Asian currencies, there is "a very severe risk of spillover certainly into Latin America, maybe East Europe and the former Soviet Union as well. It certainly could become quite far flung."

Economists say the currents that contributed to the crisis are still at work because they are fundamentally structural flaws in the global financial system. Ten many countries are producing similar products following the massive doses of foreign investment into emerging markets in the past decade.

The U.S. dollar has strengthened sharply in the past few years, hurting many export-dependent countries that had pegged their currencies to the dollar.

Perhaps most important, Japan has been beset by a persistent recession, which hurts Asian economies several ways: Exports to Japan are collapsing — the country takes one-third of all Asia's imports; Japan's banking crisis is causing the country to withdraw credit from the world economy, further squeezing smaller Asian economies; and the continuing slide of the yen makes Japan's products more competitive in Western markets, dashing hopes of smaller Asian economies for an export-led recovery.

Mr. Bergsten, whose institute was involved in setting up a bond program in Latin America that helped

settle that region's debt problem in the 1980s, said it was time to start considering a similar plan for Asia.

Some economists say that where corruption or crony capitalism may have consequences is during the clean-up.

"Generalized claims that the Asian countries were stupidly or badly run will not adequately explain the crash or predict the future," Lester Thurow, the Massachusetts Institute of Technology professor, wrote in an article this year. "The relevant question is which governments are going to be good at cleaning up the mess."

Asian governments must decide which companies should survive and which should be left to sink. This poses a problem for many countries caught up in the crisis, economists say, because there is a risk that politically connected companies will be chosen over the most viable ones.

In Thailand, for example, the issue revolves around influential families that have been the pillars of the country's banking system — the nation's Rockefeller and Vanderbilts.

"The question is which of the families will get bailed out and which won't," said Neil Saker, head of regional economic research at SG Securities (Singapore) Pte.

Mr. Saker disagrees with the view that corruption played only a small role in causing the crisis. "The fact that the foreign money and domestic savings were squandered by a corrupt banking system: That's where crony capitalism fits in," he said.

Mr. Courtis argues that one of the most damaging factors in emerging markets over the past few years has not been corruption but the level of the U.S. dollar.

Movements in the dollar have a direct impact on the developing world because many small countries pegged their currencies to it as a way to maintain exchange rate stability — a move often taken at the urging of international institutions and Western governments.

For 25 years, the United States practiced what Mr. Courtis calls "benign neglect": The dollar weakened to 1.30 Deutsche marks from 4.20 and to 80 yen from 360. But in 1995, the U.S. currency changed course, strengthening sharply.

"If you structured your whole economic policy on your anchor to the dollar and you're a little \$100 billion economy, you get flung around like a cork on the end of a whip," Mr. Courtis said.

The result: Asian countries that have broken their peg against the dollar are now more competitive, but only at the expense of countries like China and other developing countries around the world.

One bright spot for Asia, perhaps, is that the United States seems to have awakened to the region's woes — raising hopes of some form of U.S.-led intervention such as debt relief.

A more cynical analysis, perhaps, is that if and when a crash on Wall Street disrupts the long-running bull market there, it will not be seen as an American problem.

## RUSSIA: Moscow Stock Market Takes an Ominous Plunge

Continued from Page 1

government only last month.

That package, which traded a series of multibillion-dollar loans for Russian guarantees of more coherent and efficient tax and budget policies, was supposed to pull the government away from the brink of bankruptcy.

It also was supposed to cushion private investors and the Russian people from fiscal suffering, something that now appears all but unavoidable.

The calamity on Thursday had many causes. Two seem to have been uppermost. On Wednesday evening, the Central Bank disclosed that it had issued new rules designed to increase bank liquidity and to protect the ruble.

One increased the number of banks with direct access to Central Bank credit; a second limited purchases of dollars by certain unnamed Russian banks in an attempt to prevent the banks from engaging in currency speculation.

The rules, which were issued without explanation, underscored

what had long been rumored: that some Russian banks were in trouble and that others had already walked away from debts to Western lenders and other Russian banks.

Many banks here have borrowed heavily to invest in Russian government bonds, only to see the value of those investments plummet as rates for newly issued bonds began to skyrocket.

On Thursday, a British daily printed a letter from George Soros, the multimillionaire investor and advocate of Russian democratic reform, in which he said he believed Russia's financial situation is in a "terminal" phase.

In his letter, Mr. Soros suggested a package to stabilize the ruble, including \$15 billion in new international loans, a devaluation of 15 to 25 percent and the creation of an independent currency board to maintain the ruble's stability.

In a telephone interview Thursday, Mr. Soros said he wrote the letter as "a wake-up call" to Western governments.

Russia, he said, is doing what it can to solve its fiscal crisis but, with

the exception of the United States, he said, other industrial nations are not yet aware of the gravity of the situation.

Mr. Soros's call for devaluation may have galvanized wary investors with holdings in Russian companies that might be hurt by a ruble devaluation.

And in fact, the ruble plunged at currency exchanges Thursday, as the dollar rose to 6.4 dollars from just under 6.3 dollars.

The government also seemed to confirm that the ruble was under renewed assault, saying the reserves of hard currency and gold it can use to prop up the ruble's value had dropped by \$1.4 billion over the last two weeks, to \$17 billion.

Those triggers came atop other developments that have been spooking Western investors for days: the decline in the price of oil, a staple of the Russian economy; the economic crisis in Japan, and a government statement that its tax collections, while rising, were short of its stated goals.

Mr. Yeltsin has implemented many of those laws by decree.

## FARMS: In Europe, Agritourism Provides Economic Lift to Rural Areas

Continued from Page 13

ample, kibbutzim embrace the concept, and a 1996 conference to promote farm vacations drew delegates from Central Europe, Asia and Latin America.

Although farm vacations account for only a fraction of Europe's annual tourism revenues of \$218 billion, their spread raises hackles at the European Confederation of National Associations of Hotels in Brussels.

"The problem is, they're getting subsidies, and they're not subject to the same regulations," said Marguerite Sequaris, spokeswoman for the group. Hotels, she said, must comply with regulations for the handicapped and for fire safety that farmers often ignore, "creating a situation that leads to unfair competition."

Estimates of the size of the agritourism market are difficult, given the often informal and fragmented state of the business. Peter Shackelford, an official at the World Tourism Organization in Madrid, says it might account for 5 percent to 10 percent of Euro-

pean tourism receipts. "It's a relatively small share of the market, but it's growing," he said. He dismisses hotel industry complaints, saying, "The five-star hotels in St. Moritz are not worried about rural tourism."

Yet concern is clear among trade officials from the United States, Europe's largest trade partner.

Jim Murphy, the assistant U.S. trade representative for agriculture, said that European officials, in trade talks, defend their policies by arguing that farming is "multifunctional" — farms produce food, protect the environment and help preserve a centuries-old rural cultural heritage.

"We are viewed as crude Americans who view agriculture as just another form of business," he said. Washington, he said, accepts the notion of farming's multiple functions, but only on the condition that "it does not result in trade distortions" by covertly subsidizing unprofitable farm products.

European Union officials acknowledge that since 1991, about \$2.3 billion has been

spent on programs to promote rural business activities as alternatives to farming, about 40 percent of it for farm vacations. Since most of those funds are distributed as grants to match local government aid, the total figure Europe spent in the period to promote farm vacations could be double that, or close to \$2 billion, experts say.

Though they may not realize it, American tourists in Provence or Tuscany are often the beneficiaries of European government aid to farmers to restore old farm buildings and so prevent their gradual disappearance.

Mr. Thaller's family provides an example. In 1968, after tractors replaced horses, the Thallers converted an unused horse barn into guest rooms, then finished the attic of their 137-year-old farmhouse, creating total accommodation for about 20 guests. Now, on sunny August days, the Thallers' guests, who pay about \$13 a night for a room, poke around the barn or descend a meadow to the Tachinger See, a pond for swimming, boating and fishing. A few years ago, the Thallers built a new cow barn with subsidized loans from the Bavarian government.







The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.

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(Continued)

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**WORLD ROUNDUP**

**Riders Face Health Tests not Drug Tests**

**CYCLING** The International Cycling Union, the sport's world governing body, said Thursday it would respond to the drug problems in the sport by cutting down the length of major races and carefully monitoring the riders' health.

"We're not even going to increase the number of checks because the problem is with non-detectable products," said Hein Verbruggen, president of the UCI. "Let's at least guarantee the health of the riders."

The UCI plans to make the season less exhausting without dropping any events. The UCI also urged team doctors to practice ethically and to put the health of the riders first. (AFP, AP)

**Women Battle Weather**

**GOLF** Brandie Burton and Betsy King fought through the wind and rain on the tricky links course at Royal Lytham on Thursday to take the early lead in the Women's British Open with 1-under 71s.

Se Ri Pak, who has won two major tournaments in her rookie season, didn't play in the tough conditions, struggling to a 78 with six bogeys and no birdies. (AP)

**Korda Survives**

**TENNIS** Petr Korda, the third seed, broke Goran Ivanisevic's serve twice at the end of the third set Thursday to escape with a 5-7, 6-4, 7-5 victory in the third round of the ATP Open in Mason, Ohio. Ivanisevic served for the victory while leading, 5-3, in the third set.

But Korda fought back to break the 14th seed, then repeated the feat two games later to move into 6-5 winning position. (AFP)

**Jarni Rejects Coventry**

**SOCCER** Robert Jarni, the Croatian defender, will not join Coventry City of the English Premier League, his agent said on Thursday.

Coventry said last Friday they had completed a deal worth £2.6 million (\$4.24 million) with Jarni's Spanish club Real Betis. But Zoran Vekic, the player's representative, said that Jarni had sent a fax to Coventry insisting that he had not agreed to play for them. Vekic said Real Madrid was favorite to sign the 29-year-old wing-back.

Tomas Brodin has retired from soccer. Brodin, 28, played for the Swedish teams that reached the semifinals of the 1992 European championships and 1994 World Cup. He played 43 times for his country, scoring 26 goals.

He also played an important role in Parma's rise to prominence in Italy and Europe, helping them win the Cup Winners Cup in 1993.

Igor Yanovsky, a Russian international, has joined Paris Saint-Germain, the French club said Thursday. (AFP, Reuters, AP)

**Makel Gives Hearts a 1-0 Victory**

**Spectacular Curling Shot Downs Lantana in Preliminary Round**

*Compiled by Our Staff From Dispatches*  
Lee Makel earned Hearts a first-leg victory in the European Cup Winners Cup preliminary round in Tallinn, Estonia, on Thursday with a 21st minute goal that sealed a 1-0 victory over Lantana.

Makel robbed Oleg Kolotsei inside the penalty box and curled a spectacular shot into the goal.

Hearts, from Edinburgh, had plenty of possession but failed to add to Makel's goal in front of a sparse crowd.

**World Soccer**

The Estonian club, which has never won a match in Europe, switched the game to the national stadium in the hope of attracting a few more neutral fans.

Hearts took control from the start. The Frenchman Stephane Adam and Neil McCann both missed narrowly with headers before Makel made the breakthrough.

Hearts created more chances, but their finishing was poor, and they looked vulnerable every time Lantana counterattacked.

In Sofia, Levski slaughtered visiting Lokomotiv Vitebsk of Belarus, 8-0. Georgi Borisov scored three goals, and Georgi Ivanov scored twice for the Bulgarians.

In other matches Thursday, Apollon Limassol of Cyprus beat Panathinaikos of Greece, 2-1, in Panathinaikos, Lithuania; Slovenia's Rudar Velenje beat Constructorul of Moldova, 2-0; Latvia's Metalurgs Liepaja beat visiting Keifavik of Iceland, 4-2, and Genk of Belgium beat Apollonia Fier 5-1 in Tirana, Albania.

**Champions Cup** The former European champions Bayern Munich, Inter Milan and Benfica all moved close to a place in the Champions League with convincing victories in the first leg of their European Cup qualifying ties on Wednesday.

day. But several former winners of the European Cup struggled, including PSV Eindhoven, the 1988 champion, which which lost 2-1, in Slovenia to Maribor Teatonic.

Inter, the UEFA Cup holder, played without Ronaldo, its Brazilian World Cup striker, but still won, 4-0, away to Skonto Riga as Roberto Baggio made a triumphant debut for Inter as it routed Skonto Riga, 4-0, in Pisa.

The 31-year-old Italian forward set up first half goals by Ivan Zamorano, Diego Simeone and Nicola Ventola and scored himself with a diagonal shot in the 60th minute.

Ronaldo is expected to make his return for Inter in the return leg against Skonto on Aug. 26.

Bayern Munich also won, 4-0, at home to Obilic Belgrade, the Yugoslav champion. Bayern scored all its goals in the second half, three within six minutes.

Obilic goalkeeper Nenad Lukic saved shots by 37-year-old veteran Lothar Matthaus, Bayern's new Bosnian forward Hasan Salihovic and Elber before Steffen Effenberg struck in the 59th minute.

The midfielder somehow pushed the ball across the goal line after a scramble in front of the Obilic goal. On the way into the net, the ball bounced off Lukic's knee and hit another Belgrade defender before rolling in.

Brazilian striker Giovane Elber added the second in the 63d, and two minutes later, Alexander Zickler made it 3-0. Bayern's fourth goal came from Thorsten Fink in the 77th.

Obilic created just two scoring chances in the entire match. Manchester United scored a comfortable 2-0 victory over Polish team LKS Lodz in Manchester. United opened the scoring in the 15th minute through a brilliant goal by Welsh star Ryan Giggs.

Manchester United dominated for the

remainder of the match but did not score again until striker Andy Cole headed in the second goal in the 80th minute. Steaua Bucharest, European champion in 1986, twice came from behind to draw, 2-2, at home with Panathinaikos of Greece.

The top scorer Wednesday night was Benfica, which crushed Beitar Jerusalem, 6-0, in Lisbon.

Spartak Moscow scored five goals in the final 35 minutes as it won, 5-0, away over Litex Lovech, the Bulgarian champion.

The consolation prize for the teams that are knocked out in this round is a place in the UEFA Cup.

**South America** In Rio de Janeiro, two stunning first-half goals gave Brazil's Vasco da Gama a 2-0 victory over Ecuador's Barcelona in the first leg of the Libertadores Cup final.

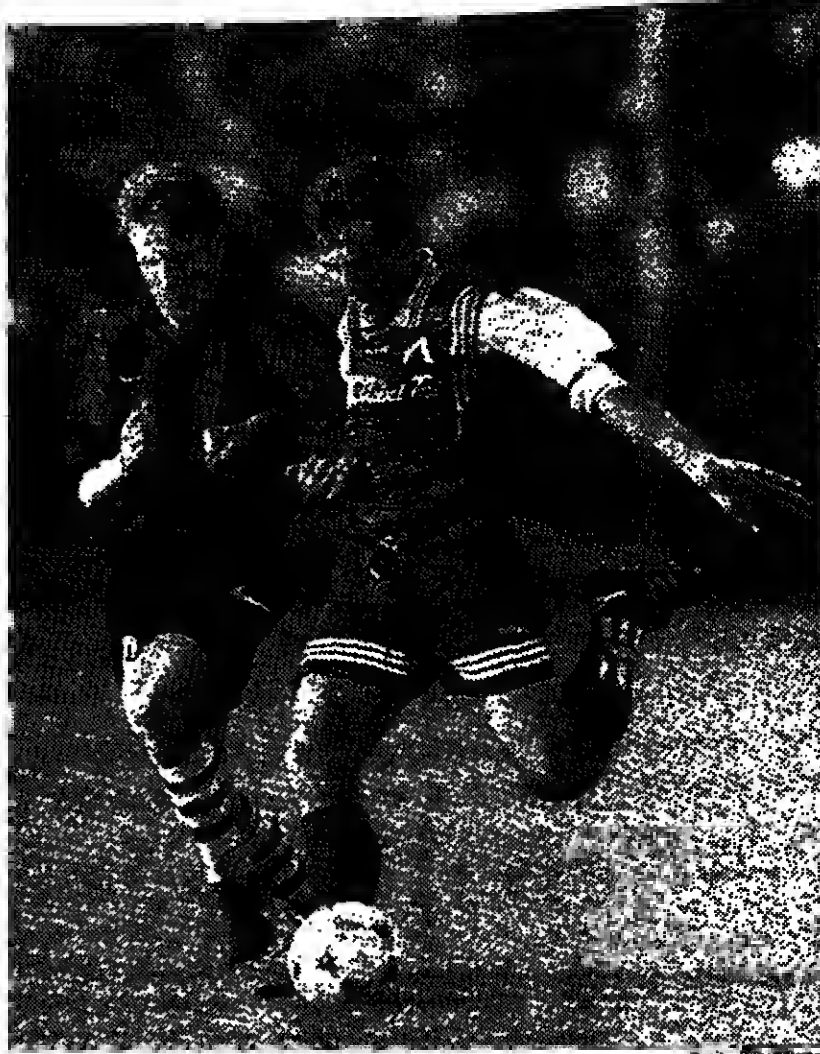
A raking long-range drive by Donizete in the seventh minute Wednesday and a goal by fellow striker Luizao, who scored after a delightful move with Mauro Galvao in the Barcelona penalty area, put the Brazilian champions in a good position for the second leg in two weeks.

But Vasco, for whom 36-year-old defender and captain Mauro Galvao had an outstanding game, wasted the opportunity to take a higher lead after creating a host of chances in the second half.

Vasco still has a tricky task to defend its lead in the port city of Guarany, where it will face Barcelona's class-trophobic 80,000-capacity stadium and oppressive humidity. No club from Ecuador has ever won the competition.

Libertadores ties are decided by aggregate score, but, unlike European competitions, away goals are not used to decide draws, which go straight to penalties without extra time being played.

The match was preceded by a five-minute fireworks display, which left Vasco's 35,000 capacity Sao Januario stadium, situated in a run-down indus-



Nikolai Todorov of Levski Sofia holding off Sergei Chernishov of Lokomotiv Vitebsk in the Cup Winners Cup, Thursday. Levski won, 8-1.

trial area and surrounded by shantytowns, in choking smoke. Barcelona took advantage to sneak onto the pitch and avoid being jeered at by the Vasco fans. Barcelona had plenty of possessions in the first half but was let down by an ineffective performance in attack from Colombian World Cup player Anthony de Silva.

Vasco, which has never won the

trophy, made more chances in the second half, but was repeatedly thwarted. Pedrinho thumped a 30-meter shot against the crossbar shortly after halftime. Luizao twice broke clear of the Barcelona defense, but one shot was saved, and he put the other wide of the goal. Then Jose Cevallos, the Barcelona goalkeeper, stopped Ramon from point-blank range. (Reuters, AP, AFP)

**O'Meara Starts PGA With 2 Shakey Bogeys**

*The Associated Press*  
**REDMOND, Washington** — Mark O'Meara, who won the British Open in rain and wind, got off to a shaky start under ideal conditions in the PGA Championship on Thursday while trying to become the first man to win three major championships in one year since Ben Hogan in 1953.

O'Meara stumbled at the first hole at tree-lined Sahalee Country Club, making a bogey and adding another at the third.

Tiger Woods recovered from some early erratic play to make the turn at 1-under and added another birdie at the 10th hole. Woods, the 1997 Masters Champion, was a stroke off the early lead set by Glenn Day, who birdied the first three holes he played.

There were plenty of scores under par as temperatures headed toward the 90s even under the canopies of huge trees



Davis Love, the PGA champion, firing from a bunker Thursday on the first hole in the first round. lining the fairways. Russ Cochran was the early leader in the clubhouse with 1-under par 69.

**Why Big Hitters Can End Up Short**

*By Al Barkow  
New York Times Service*

**NEW YORK** — When the British golf champion Harry Vardon made an exhibition swing through the United States in 1900 to promote what was then the new game in town, he soon noticed an American predilection for power.

Best known for his accurate approach shots, Vardon wrote in his memoir: "At that period, the Americans were not sufficiently advanced to appreciate some of the finer points of the game. They did, however, appear to thoroughly enjoy the type of ball I drove. I hit it high for carry, which resembled a home run."

The times have not changed much. Hitting the golf ball farther, and farther, and further, continues to be the mantra of American golf.

The best or quickest way for a tournament golfer to reach the heart of the American golf fan is to be a long-knocker like Arnold Palmer, John Daly or Tiger Woods.

That is why the United States Golf

Association, which has been in conflict with the manufacturers of titanium drivers, loves the story of Paul Runyan. Runyan, the first club pro at Sahalee Country Club in Redmond, Washington, where the U.S. PGA tournament started Thursday, won the event 60 years ago.

In 1938, at the Shawnee Country Club, in Pennsylvania, the tiny Runyan, though outbit by an average of 75 yards, a hole, beat Sam Snead. And it wasn't a squeaker: Runyan drowned Snead, 8 and 7, in the scheduled 36-hole final of what was then a match-play event.

Runyan proved the point: in golf, length is not everything. And more specifically, superlong hitters have a low percentage of victories in the majors.

Since 1946, 212 major championships have been played, and 35 of them have been won by golfers with reputations for being exceptionally long hitters. Jack Nicklaus won 17 of the 35, and throughout his illustrious career, Nicklaus more often than not kept his driver in his bag and played anything from a 3-wood to a 2-iron from the tees, to make

certain he kept the ball in play. Granted, Nicklaus was so long that he did not give up all that much yardage to the rest of the field, but he did level it. And won.

The Masters, where there is no rough, has had the most long-knocker winners, 12 of 53. At the other three majors the narrow fairways and heavy rough make accuracy off the tee essential.

After Woods' victory at the Masters, in 1997, some decried the youngster as unquenchable. But in the Opens, and the PGA, he has not always been able to keep that long ball of his in the short grass.

Thus, Woods' U.S. Open performances have been ordinary. In this year's British Open, however, his third-place finish indicated he was beginning to learn how to play golf. His swing was more controlled, and so were his shots.

The PGA may offer more signs that Woods is maturing. In the meantime, look for the control freaks to dominate center stage, like Justin Leonard or O'Meara, the current Masters and British Open champion.

**The Drive of Competition, Not Records, Is the Soul of Athletics**

*International Herald Tribune*

**ZURICH** — In the city where the art of keeping and making good time has long been the basis of good business, no track and field world records were broken Wednesday night.

Perhaps that is for the best in this month in which international sports is again grappling with the slippery subject of doping. Placing too much emphasis on records only increases the likelihood of bad behavior.

That is not to accuse the middle and long-distance stars of the late 1990s of cheating. Despite the availability of endurance-enhancing drugs such as EPO and the difficulty of detecting them, there is no implication that the record-setters have used performance-enhancing substances.

There is little doubt that the exploits of Noureddine Morceli, Hicham Guerrouj, Daniel Komen, Paul Tergat, Haile Gebrselassie and others have provided considerable diversion in European cities in recent summers.

In just the last four seasons, these Africans have sliced imagination-bending chunks of time from the world records. The 1,500-meter record has come down by nearly three seconds, the 5,000 by nearly 17 seconds and the 10,000 by nearly half a minute. These runners may well continue pushing man's limits, but

*Vantage Point/CHRISTOPHER CLAREY*

for the health of their sport, it is time for the tone to change.

It is time for athletes, officials, the media and the public to stop evaluating a meet's success on the basis of whether anyone beat the clock. Keep the bonuses for world records in place; celebrate those hopelessly rare records properly, but continue to work to redirect the focus away from the numbers and onto the track.

What athletics needs much more than a 3:40 mile or a 43-second 400 meters is compelling, demonstrably fair competition in which the best match wits, strides and techniques with each other.

The Golden League is partly an attempt to promote such a concept. The league is new only in scope. From 1993 to 1997, the meets in Oslo, Zurich, Brussels and Berlin called themselves the "Golden Four" and awarded gold stars to those who succeeded in winning their events at every stop.

But after a British television network elected not to renew its contract, the International Amateur Athletic Federation (the word "Amateur" is long overdue for deletion) added the meets in Monaco and Rome and created what is essentially a Super Grand Prix.

Those athletes who win their events at all six Golden League events and at the Grand Prix final in Moscow will share a \$1 million jackpot, and after the fourth leg in Zurich on Wednesday three men and one woman remain in the running: Guerrouj, Gebrselassie, 400-meter hurdler Bryan Bronson and the remarkable Marion Jones, who won the 100 meters in 10.77 seconds and later matched her personal best of 7.31 meters in the long jump.

Jones is a performer any sport would covet. She is dominant, versatile and personable, and unlike some other gifted athletes, she seems to consider communication a pleasure not a responsibility. She is also one of the few stars who seems sold on the Golden League bonus structure.

"I don't have a problem with it," she said on Wednesday. "Obviously when you're winning races and going fast, everything is hunky-dory."

Jones is in good position to win the 100 in all seven events this year.

Guerrouj, the world-record holder in the 1,500, also appears to have a huge edge over his rivals. But others reject the seven-for-seven victory requirement as unrealistic.

"For long-distance runners, it's a little bit too much to ask," Gebrselassie said after winning the 5,000 in 12 minutes, 54.08 seconds on Wednesday. "How can you run every three or four days? With the Golden Four, sometimes only two people managed to win all the events. With more competitions, it's even more difficult. I am struggling, and I still have three more stages to go."

There could be one more stage to worry about next year if the IAAF adds the meet in Paris to the League.

"If they do that, maybe you should only have to win five of the events to get part of the jackpot," said Jos Hermens, Gebrselassie's manager. "It's only possible for Haile to go for it this year because there is no world championship or Olympics, but even then, it's on the edge. I think they have to rethink this. Seven competitions is too much."

Marlene Ottey, the 38-year-old Jamaican sprinter, said the \$1 million would do more good for the sport if it were distributed more equitably.

But it bears remembering that the jackpot is not the only reward. There is prize money — \$15,000 to the winner of each Golden League race — and, more problematically, there are appearance fees.

Other personality-driven sports, such as golf and tennis, have come close to

wiping those out at their highest levels of competition, although lower-tier tennis tournaments still offer them.

Athletics remains mired in the past, and attempts at redrawing the line are met with resistance. One of the reasons that Maurice Greene, the world champion in the men's 100, said he refused to come to Zurich was that he believes sprinters deserve a guaranteed payday.

"In Zurich, they are having heats, and if you don't make it to the final, you are not getting paid," he said. "People work very hard to do what they do and to not get compensated any is just not right."

Stars like Greene and his training partner Ato Boldon are normally paid well no matter how they run, but Zurich refused to meet their demands for a reported \$100,000 each to appear. Primo Nebiolo, the IAAF president, publicly supported that decision, but the result was that the 100 meters went from showcase to lower-case.

"For what we need to have, we're not getting compensated," said John Smith, who coaches Boldon and Greene. "The \$1 million bonus is nothing to the sprinters because they all beat each other. Who can go undefeated? It's not a real incentive to us."

On the other hand, the sport is going through an upheaval right now. It's go-



Haile Gebrselassie racing to victory in the 5,000 meters in Zurich.

ing from amateur to professional, and needs to have more people talking: managers, coaches, athletes and the IAAF to work this whole situation out.

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## SPORTS

Astros Beat Brewers, 3-0,  
With 2d Johnson Shutout

The Associated Press  
Randy Johnson put on quite a show for an appreciative crowd of 40,217 and mentor Nolan Ryan.

## NL Roundup

With Ryan cheering along with the rest of the crowd, Johnson pitched his second straight shutout with 13 strikeouts as the Houston Astros beat the Milwaukee Brewers, 3-0, Wednesday night.

"I saw him on the big screen with his wife, Ruth," Johnson said. "It was a pleasant surprise to see. He means a great deal to my success. He helped me out when he was with the Texas Rangers."

Back in 1993, in his final season in the majors, Ryan took aside Johnson, an opponent, and worked with him. At the time Johnson was a .500 power pitcher who led the American League in walks three straight years.

On Wednesday, Johnson had 13 strikeouts, the most by a Houston pitcher this season. He had 12 in his first Astros start.

He also tied Sandy Koufax, for second place on the career list for 10-plus strikeout games with 97. Ryan leads with 215.

Johnson, acquired from Seattle on July 31, pitched a five-hitter and lowered his earned run average to 0.72 for the Astros.

Milwaukee's Jeff Cirillo was called out on strikes to start the ninth and was ejected for arguing.

Brewers' Andy Ashby pitched Greg Maddux to become the National League's first 16-game winner, and San Diego won its first home series against Atlanta in 10 years.

Ken Caminiti hit a two-run

home as the Padres won for the second straight day in the matchup between the league's top two teams.

Cardinals 5, Mets 4. Ray Lankford took advantage of his second chance, singling home the winning run with one out in the 14th inning at St. Louis.

Lankford's third hit came after New York left fielder Tony Phillips dropped a fly in foul territory just before running into the wall — no error was charged.

Brian Jordan slid head-first and easily beat center fielder Brian McRae's throw.

Cubs 10, Giants 2. Henry Rodriguez hit two homers and drove in five runs as Chicago sent San Francisco to its seventh loss in nine games.

Sammy Sosa singled,

walked twice and scored two runs for the visiting Cubs. He stayed at 46 home runs.

Mariners 3, Dodgers 2. Derek Lee led off the eighth inning with a home run, lifting Florida over Los Angeles at Dodger Stadium.

Rockies 7, Expos 2. Vinny Castilla hit his 36th homer, a three-run shot to give Colorado a three-game sweep over visiting Montreal.

Phillies 7, Diamondbacks 4. Mark Parent hit his first home run in almost two years and Bob Abreu had a bases-loaded double that led Philadelphia to victory at Arizona.

Pirates 5, Reds 4. Jason Schmidt won for the first time since June 1 and Jason Kendall homered and drove in three runs as Pittsburgh won at Cincinnati.



Sammy Sosa lamenting a strikeout against the Giants.

## Unstoppable Yankees Crush Twins

The Associated Press  
The New York Yankees routed Minnesota to win their seventh straight and reach .750.

Scott Brosius tied a career high with five runs batted in and Joe Girardi hit a go-ahead, two-run double in the fourth as

the Yankees mugged the Twins, 11-2, Wednesday in the Bronx.

"You run out of superlatives at some point," said David Cone, the New York starting pitcher who became the first 17-game winner of the year.

"They get angry when they get behind in the game," said Joe Torre, the New York manager. "I'm amazed at how dedicated, how resilient, how tough this club is."

New York, which has swept 18 of 43 series this season, has won 10 of 11 games, outscoring opponents, 101-27. The Yankees are on pace to win 122 games, smashing the record of 116 set by

the 1906 Chicago Cubs. Bernie Williams and Brosius hit seventh-inning homers for the Yankees, who matched their season high with 18 hits and extended their streak of games with homers to 14.

Cone (17-4) improved to 11-0 at home. He let Minnesota lead the bases in both of the first two innings, throwing 11 consecutive balls at the start of the second.

But the Twins got only Terry Steinbach's RBI groundout in the first. Todd Walker followed with an inning-ending groundout, and Cone escaped the second when Brent Gates bounced into an inning-ending double play.

Indians 6, Rangers 3. In Cleveland, Bartolo Colon, working on six days' rest because of a "dead arm," got his third victory since the All-Star break as Cleveland beat Texas.

Colon (12-6) allowed three runs and seven hits in six innings, walking two and striking out six.

White Sox 2, Athletics 0. In Chicago, Scott Eyre didn't allow a hit for five

innings in a spot start and combined with three relievers on a two-hitter.

Eyre walked one and struck out four before being pulled after 67 pitches.

Blue Jays 11, Mariners 8. Carlos Delgado hit a grand slam as Toronto scored seven runs in the seventh inning to win in Seattle.

Seattle shortstop Alex Rodriguez, 23, became the fourth youngest player in major league history to reach 100 homers.

Orioles 7, Devil Rays 0. Scott Erickson pitched a five-hitter and Eric Davis doubled to extend his team-record hitting streak to 27 games as Baltimore won in St. Petersburg, Florida.

Angels 9, Tigers 2. In Detroit, former Tigers catcher Phil Nevin hit a two-run single to give Anaheim its fourth straight victory.

Royals 5, Red Sox 4. Hal Morris had a career-high five hits and Jose Rosado combined with two relievers on a five-hitter as Kansas City won in Boston to snap a five-game losing streak.

## SCOREBOARD

## BASEBALL

## MAJOR LEAGUE STANDINGS

## AMERICAN LEAGUE

## EAST DIVISION

Team	W	L	Pct.	GB
New York	57	22	.714	0
Baltimore	49	29	.625	5 1/2
Toronto	42	37	.529	12 1/2
Tampa Bay	41	38	.519	13 1/2

## CENTRAL DIVISION

Team	W	L	Pct.	GB
Cleveland	66	32	.673	0
Chicago	52	46	.529	12
Kansas City	53	45	.541	13 1/2
Minnesota	52	46	.529	14
Detroit	46	52	.469	20

## WEST DIVISION

Team	W	L	Pct.	GB
Texas	64	34	.654	0
Anaheim	64	35	.646	1
Seattle	64	35	.646	1
Oakland	53	47	.529	12

## NATIONAL LEAGUE

## EAST DIVISION

Team	W	L	Pct.	GB
Atlanta	70	41	.630	0
New York	64	34	.654	1
Philadelphia	58	40	.590	6
Pittsburgh	49	49	.500	15
Florida	47	51	.480	17

## CENTRAL DIVISION

Team	W	L	Pct.	GB
Houston	66	35	.654	0
St. Louis	58	42	.580	8
San Francisco	57	43	.569	9
Cincinnati	53	47	.529	13

## WEST DIVISION

Team	W	L	Pct.	GB
San Diego	78	42	.650	0
San Francisco	63	38	.621	15 1/2
Los Angeles	60	40	.600	18
Colorado	55	45	.553	23 1/2
Arizona	45	55	.450	33 1/2

## WEST DIVISION

## WEDNESDAY LINEUPS

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## POSTCARD

## A Well-Guarded Movie

By Bernard Weinraub  
New York Times Service

LOS ANGELES — How do you open a big-budget film like "The Avengers," that appears to have fallen short of studio expectations? Carefully. Very carefully.

A remake of the British action-adventure television series involving a debonair and wry secret agent, John Steed, and his unflappable, jujitsu-kicking partner, Emma Peel, "The Avengers" is opening Friday in the United States under highly unusual circumstances at about 2,800 theaters.

There have been no advance screenings of the heavily promoted film for most journalists. This is a sure sign that Warner Brothers, which is releasing the movie, is so uneasy about "The Avengers" that the studio doesn't want too much buzz about it before it opens. Moreover, the studio clearly prefers to delay critical appraisals until after the movie opens rather than face the customary Friday reviews. But Warner Brothers is not planning the traditional glitzy premiere, which is commonplace for a high-profile action film with stars like Uma Thurman, Ralph Fiennes and Sean Connery. The studio said the stars were unavailable.

The film is expensive: It cost \$50 million to \$60 million to produce and an additional \$30 million to \$40 million to market. Warner Brothers had hoped that the film, directed by Jeremiah Chechik, would become the basis for sequels, like the Batman movies.

By all accounts, Warner Brothers grew especially worried about the film when it was shown last week to theater

owners and managers in Sherman Oaks, California. Word quickly spread around Hollywood that the film was a disappointment.

One person who attended the screening said that even though the film had been pared down to only about 90 minutes, including credits, several distributors walked out in the middle of it. One of the stars, Connery, who plays an evil, weather-controlling madman named Sir August De Wynter, was on-screen for only 30 minutes.

At the screening there were also complaints that the plot was confusing, and that Fiennes and Thurman seemed uncertain about how to play their characters.

Charlotte Kandel, executive vice president for publicity at Warner Brothers, insisted that the studio had high hopes for "The Avengers." Kandel said: "We feel confident in the movie and we're pleased at the result. We feel it will deliver big time to the audience. We think it's a very hip and cool movie."

Kandel said the film had "tremendous baggage" because of the popularity of the 1960s television series, which, for most of that time, starred Patrick Macnee as Steed and Diana Rigg as Peel.

"We're dealing with a cultural icon, not just in America, but around the world," Kandel said. "We've always been concerned that reviews of the film will have comparisons to the original 'Avengers.'"

As a result, she said, Warner Brothers decided to eliminate advance showings to critics. "Let the movie stand on its own," Kandel said.

## Wayward History Repeats Itself in The Haight

By Michael Janofsky  
New York Times Service

SAN FRANCISCO — A Love Child might not recognize the place.

Here at Haight and Ashbury streets, ground zero of the 1960s counterculture revolution, a Ben & Jerry's ice cream store now stands on one corner, a Gap clothing store on another.

They are hardly the only reminders of mainstream America's plunge into The Haight, a neighborhood that threw open its psychedelic arms to the hippies and misfits whose Summer of Love more than 30 years ago became part of the national conscience.

But along with the trendy stores, specialty restaurants and nearby Victorian houses that sell for \$1 million and more is perhaps The Haight's most compelling change, one that is less discernible to the roving eye.

While the now romanticized flower children were painted as being spiritually connected by political ideology and the haze of a marijuana high, many young people on the same streets today share the common pain of broken lives and harder drugs.

"It's like the kids back then came here, to something, and it was a dream for many of them," said Jim Beck, president of the Haight Ashbury Neighborhood Council, a citizens' organization. "Kids here today are running from something, and for a lot of them it's the nightmare in their past."

A 19-year-old who calls herself Froggy sat on a newspaper rack in front of Ben & Jerry's. Reared by foster parents, she said she found her biological mother when she was 9 and lived with her for four years. She then set out on her own and hitchhiked here from Los Angeles.

"She didn't want me in the first place," Froggy said, with a sad expression. "So I took off."

She wears a tall, red hat and makes her way in the world by



Beth, part of the new generation living on the streets of Haight Ashbury in San Francisco.

selling drugs on the street, which she said she intended to do until she saves enough money to buy a house in Montana. At night, she sleeps nearby in Golden Gate Park.

Froggy said she liked life on the streets of The Haight. But Beth, who is 18, does not. Beth said she came here from Austin, Texas, with her boyfriend "two and a half long months ago" because they had never seen California.

"Then he got sent to jail on four counts of assault with a deadly weapon," she said. She also sleeps in Golden Gate Park, and sometimes begs for money. "People throw three pennies in your face and tell me to get a job," she said. "I hate this place."

Beth was happy about one thing, at least. "I kicked my heroin habit yesterday," she said. "I'm clean."

Thomas, 23, has the hollow

eyes of a ghost and wears a hood over his head. Another Texan, he said he just got out of a hospital after overdosing on drugs. Unlike Froggy and Beth, he has a place of his own to sleep — his car. He said he made money by selling drugs, but now had no idea what he was going to do.

"I wish I was back home," he said. The streets are filled with people like Froggy, Beth, and Thomas

among the chronic homeless who are everywhere in San Francisco and constitute a major problem for city agencies. Local officials say that at night as many as 5,000 people need shelter, and the city can accommodate fewer than half of them.

But here in The Haight, the roaming population of homeless teenagers, many of whom buy and use drugs like heroin, cocaine and methamphetamine, is trying the patience of a community that has prided itself on tolerance, understanding and the social services it provides, like medical care from the Haight Ashbury Free Clinics, founded in 1967 to help low-income families.

A flier on the front window of the Haight Ashbury Music Center says: "Take Back The Haight. Enough of the constant mess. No more begging, stealing, littering, hopelessness, despair and bad drugs."

It was written by Steven Capozzola, a resident of Ashbury Street, who asked business owners to display the flier because he had "grown tired of the mess — of coming home from work and encountering an endless barrage of chaos, filth and waste."

Ed Pasquale, the manager of the music store and a longtime resident of The Haight, said complaints about the street life were cyclical. He and other residents say they have grown loud again because area businesses are doing well, but the Froggies of the world are creating an edginess to the daily routine that annoys residents and could drive away customers.

"The Haight has always been tolerant of the freedom of personal expression. Even people who own the fancy homes support that," Pasquale said. "But when you reach a point where people have no respect for the lifestyle others want to live, and working folks feel harassed because they can't walk the streets, that's when it gets pretty frustrating."

## PEOPLE



BACK TO EARTH — The cast of "Star Trek: Voyager" celebrating the television series' 100th episode, titled "Timeless," to be aired on Nov. 18.

PARIS hotel is preparing to offer clients a tour retracing the final hours of Diana, Princess of Wales, to mark the first anniversary of her death. The Odeon Hotel plans to run the tours from Saturday until the end of the month, providing a black Mercedes for tourists who want to bring a touch of macabre realism to the journey. "People can say what they like about it, but there is such huge demand for this kind of thing," said the hotel's manager, Emile Cacciarl. The trip, which will cost 150 francs (\$25), will proceed from the Ritz Hotel, where Diana and her companion, Dodi al Fayed, had their last meal, to the Pont de l'Alma tunnel, scene of the fatal crash Aug. 31. Profits will go to a charitable foundation set up in Diana's honor.

The Welsh actor Sir Anthony Hopkins has pledged £1 million (\$1.63 million) to help save 4,000 acres of Mount Snowdon, the highest mountain in Wales. Last month a farmer put his estate near the peak up for sale and the National Trust, which protects much of

Britain's natural and historic heritage, has just 93 days to raise the rest of the £3 million to buy the property.

Wynton Marsalis's music is being set in stone. Officials in the southern French town of Marcillac are to unveil 14 stone engravings, each etched with a page of Marsalis's "Marcillac Suite," which he composed last year for the town's annual

jazz festival. The trumpeter, who has attended the festival for the last 18 years, was performing there Thursday.

The Duchess of York, is switching to the other side of the interviewer's microphone to become the hostess of a talk show on SKY-TV, according to the San newspaper. The former Sarah Ferguson, divorced from Prince Andrew,

will present 10 one-hour shows in a series called "Surviving Life," the tabloid reported, beginning Oct. 5.

The Stone Temple Pilots' lead singer, Scott Weiland, pleaded guilty to felony heroin possession and was sentenced to three months in a drug-treatment facility in California. The judge also placed Weiland, 30, on three years' probation and ordered him to submit to random drug tests during that time. The charges stemmed from the rocker's arrest in September 1997. He missed two previous court appearances before the judge issued an arrest warrant.

A jury has ruled that Warner LeRoy, owner of New York's Tavern on the Green, subjected his wife, Kay, to cruel and inhuman treatment during their 28-year marriage. The court is expected to start considering how to carve up the \$60 million in assets on Monday. LeRoy is the son of the late Hollywood producer Mervyn LeRoy.

## James Dean's Tombstone Is Reinstalled

The Associated Press

FAIRMOUNT, Indiana — James Dean's tombstone is back where it belongs. Nearly a month after the actor's tombstone was stolen and found dumped on a county road, workers have reinstalled it at Park Cemetery in Fairmount, a farming community of 3,000 where Dean grew up.

The tombstone was reported missing July 14 and was recovered two days later. Dean, who starred in "East of Eden," "Giant" and "Rebel Without a Cause," was killed in a car crash in California on Sept. 30, 1955, at age 24. His grave draws thousands of visitors each year.

The police have made no arrests in the theft. The original tombstone was stolen in April 1983, recovered the next month, then stolen again that August. The present stone replaced the original.



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